[COMMITTEE PRINT]

BACKGROUND MATERIALS ON GOVERNMENT PATENT POLICIES

The Ownership of Inventions Resulting From Federally Funded Research and Development

VOLUME I—PRESIDENTIAL STATEMENTS, EXECUTIVE ORDERS, AND STATUTORY PROVISIONS

SUBCOMMITTEE ON
DOMESTIC AND INTERNATIONAL
SCIENTIFIC PLANNING AND ANALYSIS

OF THE

COMMITTEE ON SCIENCE AND TECHNOLOGY
U.S. HOUSE OF REPRESENTATIVES

NINETY-FOURTH CONGRESS

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LETTER OF TRANSMITTAL

HOUSE OF REPRESENTATIVES,
COMMITTEE ON SCIENCE AND TECHNOLOGY,
Washington, D.C., August 28, 1976.

Hon. OLIN E. TEAGUE,
Chairman, Committee on Science and Technology, House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: I am transmitting herewith a set of selected readings intended to provide our Subcommittee members with an understanding of present government policies concerning patent rights to inventions developed when the primary source for research and development funding is the Federal Government. This Committee print is entitled, "Background Materials on Government Patent Policies—The Ownership of Inventions Resulting From Federally-Funded Research and Development."

Over the years, the Federal Government has developed patent policies on an Agency-by-Agency basis. During several previous hearings held by this Subcommittee, the impact of these policies for patenting and licensing federally-funded R. & D. results have been suggested as a timely subject for review.

I believe that the materials in this report will provide a well-rounded background for our forthcoming hearings. They include the relevant government documents as well as other readings. I commend them to you and the members of the Committee on Science and Technology.

Sincerely yours,

RAY THORNTON, *Chairman,*
Subcommittee on Domestic and International Scientific Planning and Analysis.

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INTRODUCTION

During the current legislative session the Science and Technology's Subcommittee on Domestic and International Scientific Planning and Analysis has undertaken to fulfill its responsibility of Special Oversight for all non-military funded Research and Development. In the course of this effort a broad range of subjects have been analyzed in Committee Prints, Hearings, and Reports. The Subcommittee has addressed internal R. & D. coordination and issues of international significance. It is informative that during hearings ranging from International Cooperation in Energy Research and Development to hearings on Federal Research and Development Expenditures and the National Economy a common theme has emerged—the significance of the Government's patent policies in the development of new technologies invented as a result of federally funded research and development.

This is not a new interest for the Committee on Science and Technology. In 1965, the Hon. Emilio Q. Daddario, then a Representative in Congress from the First Congressional District of the State of Connecticut and a Subcommittee Chairman of this Committee reviewed the government patent policies applicable to our national space program. Following the extensive hearings on this subject, Mr. Daddario testified before the Committee on the Judiciary of the United States Senate. He outlined the efforts of the special subcommittee which he chaired and summarized the concerns which are still germane today:

> . . . it is very clear . . . that where federally financed research and development is concerned both Government and the contractor have logical and justifiable equities in the ownership of such patents as may arise in the course of the contract.
>
> It is idle to pretend that the Government, at least in its role of representing the public, has no reason for nor interest in the title to such patents. Without the use of the taxpayers' funds the patent might not evolve in the first place—and the fact that the United States always has a free and irrevocable license to use the patent item or to have it produced by any party it chooses for governmental purposes is not always sufficient to protect the public interest. By the same token, it is equally unrealistic to assert that the contractor, who may have contributed as much or more than the Government in terms of know how and the expenditure of its own money toward the development of the patent, has no claim to ownership nor the exclusive right to utilize the patent for commercial purposes. To take the latter position may be unfair to the large contractor and, in addition, downright disastrous to the small contractor, to whom a patent portfolio is an important asset, both because of the financial support it offers and the protection it gives. This is because, in most cases, doing research for the Federal Government does not of itself assure the contractor of anything like a substantial profit. Our studies showed that in research contracts the profits tend to be 1½ up to 2½ percent. The profit tends to lie with the procurement and/or commercial marketing.

The issue of a fair and equitable patent policy; the wisdom of a uniform, government-wide policy; the resultant licensing and procurement practices and other issues have been of continued importance and were evident again in the hearings held earlier this year.

It is to allow the Subcommittee members to conclude this legislative session with a careful scrutiny of this timely subject that the following 3 volume Committee Print was compiled. It contains official government documents, including summaries of individual Agency legislation which demonstrate the present official policies as well as Presidential messages and resultant regulations which Agencies adhere to in lieu of specific legislative mandates. How these relate to the success of the Nation's R. & D. effort will be the Subcommittee's focus during a forthcoming series of hearings. The second volume of these background papers includes portions of the texts of the important government patent policy studies done in the last 30 years, beginning with the 1947 Report of the Attorney General on Government Patent Practices and Policies. The third volume includes a selection of scholarly articles on this subject.

SECTION I—PATENT PROVISIONS OF THE CONSTITUTION OF THE UNITED STATES

We the People of the United States, in Order to form a more perfect Union, establish Justice, insure domestic Tranquility, provide for the common defence, promote the general Welfare, and secure the Blessings of Liberty to ourselves and our Posterity, do ordain and establish this Constitution for the United States of America.

Article I

Section 8

The Congress Shall Have Power . . .

To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries;

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SECTION II—PATENT POLICY STATEMENTS AND EXECUTIVE ORDERS OF THE PRESIDENT

Part A—Presidential Statements

Government policy toward the patenting of inventions which result from Federally funded research and development relies heavily on Presidential statements and Executive Orders. In the many cases where a department or agency is not subject to a specific statutory patent policy, the Presidential policy statements apply. Some agencies have within their enabling legislation specific mandates, but even in these instances frequently reference is made to compliance with the most recent Presidential Statement promulgated in 1971. Prior to that statement one other Presidential Patent Policy Statement had been issued in 1963.

Based on the Patent Policy Statement of 1971, Title 41—Public Contracts and Property Management—was issued and published in the Federal Register in May 1975, to further guide agencies in their patenting and licensing procedures. In addition, three Executive Orders have been issued concerning government employee inventions. These official documents comprise the "Background Materials on Government Patent Policy—The Ownership of Inventions Resulting From Federally-Funded R. & D."

Presidential Memorandum and Statement of Government Patent Policy Issued October 10, 1963

(Published Federal Register, Vol. 28, No. 200, October 12, 1963)

MEMORANDUM FOR THE HEADS OF EXECUTIVE DEPARTMENTS AND AGENCIES

Over the years, through Executive and Legislative actions, a variety of practices has developed within the Executive Branch affecting the disposition of rights to inventions made under contracts with outside organizations. It is not feasible to have complete uniformity of practice throughout the Government in view of the differing missions and statutory responsibilities of the several departments and agencies engaged in research and development. Nevertheless, there is need for greater consistency in agency practices in order to further the governmental and public interests in promoting the utilization of federally financed inventions and to avoid difficulties caused by different approaches by the agencies when dealing with the same class of organizations in comparable patent situations.

From the extensive and fruitful national discussions of government patent practices, significant common ground has come into view. First, a single presumption of ownership does not provide a satisfactory basis for government-wide policy on the allocation of rights to inventions. Another common ground of understanding is that the Government has a responsibility to foster the fullest exploitation of the inventions for the public benefit.

Attached for your guidance is a statement of government patent policy, which I have approved, identifying common objectives and criteria and setting forth the minimum rights that government agencies should acquire with regard to inventions made under their grants and contracts. This statement of policy seeks to protect the public interest by encouraging the Government to acquire the principal rights to inventions in situations where the nature of the work to be undertaken or the Government's past investment in the field of work favors full public access to resulting inventions. On the other hand, the policy recognizes that the public interest might also be served by according exclusive commercial rights to the contractor in situations where the contractor has an established nongovernmental commercial position and where there is greater likelihood that the invention would be worked and put into civilian use than would be the case if the invention were made more freely available.

Wherever the contractor retains more than a non-exclusive license, the policy would guard against failure to practice the invention by requiring that the contractor take effective steps within three years after the patent issues to bring the invention to the point of practical application or to make it available for licensing on reasonable terms. The Government would also have the right to insist on the granting of a license to others to the extent that the invention is required for public use by governmental regulations or to fulfill a health need, irrespective of the purpose of the contract.

The attached statement of policy will be reviewed after a reasonable period of trial in the light of the facts and experience accumulated. Accordingly, there should be continuing efforts to monitor, record, and evaluate the practices of the agencies pursuant to the policy guidelines.

This memorandum and the statement of policy shall be published in the Federal Register.

JOHN F. KENNEDY.

STATEMENT OF GOVERNMENT PATENT POLICY

Basic Considerations

A. The government expends large sums for the conduct of research and development which results in a considerable number of inventions and discoveries.

B. The inventions in scientific and technological fields resulting from work performed under government contracts constitute a valuable national resource.

C. The use and practice of these inventions and discoveries should stimulate inventors, meet the needs of the government, recognize the equities of the contractor, and serve the public interest.

D. The public interest in a dynamic and efficient economy requires that efforts be made to encourage the expeditious development and civilian use of these inventions. Both the need for incentives to draw forth private initiatives to this end, and the need to promote healthy competition in industry must be weighed in the disposition of patent rights under government contracts. Where exclusive rights are acquired by the contractor, he remains subject to the provisions of the antitrust laws.

E. The public interest is also served by sharing of benefits of government-financed research and development with foreign countries to a degree consistent with our international programs and with the objectives of U.S. foreign policy.

F. There is growing importance attaching to the acquisition of foreign patent rights in furtherance of the interests of U.S. industry and the government.

G. The prudent administration of government research and development calls for a government-wide policy on the disposition of inventions made under government contracts reflecting common principles and objectives, to the extent consistent with the missions of the respective agencies. The policy must recognize the need for flexibility to accommodate special situations.

Policy

SECTION 1. The following basic policy is established for all government agencies with respect to inventions or discoveries made in the course of or under any contract of any government agency, subject to specific statutes governing the disposition of patent rights of certain government agencies.

(a) Where

(1) a principal purpose of the contract is to create, develop or improve products, processes, or methods which are intended for commercial use (or which are otherwise intended to be made available for use) by the general public at home or abroad, or which will be required for such use by governmental regulations; or

(2) a principal purpose of the contract is for exploration into fields which directly concern the public health or public welfare; or

(3) the contract is in a field of science or technology in which there has been little significant experience outside of work funded by the government, or where the government has been the principal developer of the field, and the acquisition of exclusive rights at the time of contracting might confer on the contractor a preferred or dominant position; or

(4) the services of the contractor are

(i) for the operation of a government-owned research or production facility; or

(ii) for coordinating and directing the work of others,

the government shall normally acquire or reserve the right to acquire the principal or exclusive rights throughout the world in and to any inventions made in the course of or under the contract. In exceptional circumstances the contractor may acquire greater rights than a non-exclusive license at the time of contracting, where the head of the

department or agency certifies that such action will best serve the public interest. Greater rights may also be acquired by the contractor after the invention has been identified, where the invention when made in the course of or under the contract is not a primary object of the contract, provided the acquisition of such greater rights is consistent with the intent of this Section 1(a) and is a necessary incentive to call forth private risk capital and expense to bring the invention to the point of practical application.

(b) In other situations, where the purpose of the contract is to build upon existing knowledge or technology to develop information, products, processes, or methods for use by the government, and the work called for by the contract is in a field of technology in which the contractor has acquired technical competence (demonstrated by factors such as know-how, experience, and patent position) directly related to an area in which the contractor has an established non-governmental commercial position, the contractor shall normally acquire the principal or exclusive rights throughout the world in and to any resulting inventions, subject to the government acquiring at least an irrevocable non-exclusive royalty free license throughout the world for governmental purposes.

(c) Where the commercial interests of the contractor are not sufficiently established to be covered by the criteria specified in Section 1(b), above, the determination of rights shall be made by the agency after the invention has been identified, in a manner deemed most likely to serve the public interest as expressed in this policy statement, taking particularly into account the intentions of the contractor to bring the invention to the point of commercial application and the guidelines of Section 1(a) hereof, provided that the agency may prescribe by regulation special situations where the public interest in the availability of the inventions would best be served by permitting the contractor to acquire at the time of contracting greater rights than a non-exclusive license. In any case the government shall acquire at least a non-exclusive royalty free license throughout the world for governmental purposes.

(d) In the situation specified in Sections 1(b) and 1(c), when two or more potential contractors are judged to have presented proposals of equivalent merit, willingness to grant the government principal or exclusive rights in resulting inventions will be an additional factor in the evaluation of the proposals.

(e) Where the principal or exclusive (except as against the government) rights in an invention remain in the contractor, he should agree to provide written reports at reasonable intervals, when requested by the government, on the commercial use that is being made or is intended to be made of inventions made under government contracts.

(f) Where the principal or exclusive (except as against the government) rights in an invention remain in the contractor, unless the contractor, his licensee, or his assignee has taken effective steps within three years after a patent issues on the invention to bring the invention to the point of practical application or has made the invention available for licensing royalty free or on terms that are reasonable in the cir-

cumstances, or can show cause why he should retain the principal or exclusive rights for a further period of time, the government shall have the right to require the granting of a license to an applicant on a non-exclusive royalty free basis.

(g) Where the principal or exclusive (except as against the government) rights to an invention are acquired by the contractor, the government shall have the right to require the granting of a license to an applicant royalty free or on terms that are reasonable in the circumstances to the extent that the invention is required for public use by governmental regulations or as may be necessary to fulfill health needs, or for other public purposes stipulated in the contract.

(h) Where the government may acquire the principal rights and does not elect to secure a patent in a foreign country, the contractor may file and retain the principal or exclusive foreign rights subject to retention by the government of at least a royalty free license for governmental purposes and on behalf of any foreign government pursuant to any existing or future treaty or agreement with the United States.

SECTION 2. Government-owned patents shall be made available and the technological advances covered thereby brought into being in the shortest time possible through dedication or licensing and shall be listed in official government publications or otherwise.

SECTION 3. The Federal Council for Science and Technology in consultation with the Department of Justice shall prepare at least annually a report concerning the effectiveness of this policy, including recommendations for revision or modification as necessary in light of the practices and determinations of the agencies in the disposition of patent rights under their contracts. A patent advisory panel is to be established under the Federal Council for Science and Technology to

(a) develop by mutual consultation and coordination with the agencies common guidelines for the implementation of this policy, consistent with existing statutes, and to provide overall guidance as to disposition of inventions and patents in which the government has any right or interest; and

(b) encourage the acquisition of data by government agencies on the disposition of patent rights to inventions resulting from federally-financed research and development and on the use and practice of such inventions, to serve as basis for policy review and development; and

(c) make recommendations for advancing the use and exploitation of government-owned domestic and foreign patents.

SECTION 4. Definitions: As used in this policy statement, the stated terms in singular and plural are defined as follows for the purposes hereof:

(a) *Government agency*—includes any Executive department, independent commission, board, office, agency, administration, authority, or other government establishment of the Executive Branch of the Government of the United States of America.

(b) *Invention or Invention or discovery*—includes any art, machine, manufacture, design, or composition of matter, or any new and useful improvement thereof, or any variety of plant, which is or may be patentable under the Patent Laws of the United States of America or any foreign country.

(c) *Contractor*—means any individual, partnership, public or private corporation, association, institution, or other entity which is a party to the contract.

(d) *Contract*—means any actual or proposed contract, agreement, grant, or other arrangement, or sub-contract entered into with or for the benefit of the government where a purpose of the contract is the conduct of experimental, developmental, or research work.

(2) *Made*—when used in relation to any invention or discovery means the conception or first actual reduction to practice of such invention in the course of or under the contract.

(f) *Governmental purpose*—means the right of the Government of the United States (including any agency thereof, state, or domestic municipal government) to practice and have practiced (made or have made, used or have used, sold or have sold) throughout the world by or on behalf of the Government of the United States.

(g) *To the point of practical application*—means to manufacture in the case of a composition or product, to practice in the case of a process, or to operate in the case of a machine and under such conditions as to establish that the invention is being worked and that its benefits are reasonably accessible to the public.

Presidential Memorandum and Statement of Government Patent Policy Issued on August 23, 1971

(Published Federal Register, Vol. 36, August, 1971)

The White House,
Washington, August 23, 1971.

MEMORANDUM FOR HEADS OF EXECUTIVE DEPARTMENTS AND AGENCIES

On October 10, 1963, President Kennedy forwarded to the Heads of Executive Departments and Agencies a Memorandum and Statement of Government Patent Policy for their guidance in determining the disposition of rights to inventions made under Government-sponsored grants and contracts. On the basis of the knowledge and experience then available, this Statement first established Government-wide objectives and criteria, within existing legislative constraints, for the allocation of rights to inventions between the Government and its contractors.

It was recognized that actual experience under the Policy could indicate the need for revision or modification. Accordingly, a Patent Advisory Panel was established under the Federal Council for Science and Technology for the purpose of assisting the agencies in implementing the Policy, acquiring data on the agencies' operations under the Policy, and making recommendations regarding the utilization of Government-owned patents. In December 1965, the Federal Council established the Committee on Government Patent Policy to assess how this Policy was working in practice, and to acquire and analyze additional information that could contribute to the reaffirmation or modification of the Policy.

The efforts of both the Committee and the Panel have provided increased knowledge of the effects of Government patent policy on the public interest. More specifically, the studies and experience over the past seven years have indicated that:

(a) A single presumption of ownership of patent rights to Government-sponsored inventions either in the Government or in its contractors is not a satisfactory basis for Government patent policy, and that a flexible, Government-wide policy best serves the public interest;

(b) The commercial utilization of Government-sponsored inventions, the participation of industry in Government research and development programs, and commercial competition can be influenced by the following factors: the mission of the contracting agency; the purpose and nature of the contract; the commercial applicability and market potential of the invention; the extent to which the invention is developed by the contracting agency; the promotional activities of the contracting agency; the commercial orientation of the contractor and the extent of his privately financed research in

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the related technology; and the size, nature and research orientation of the pertinent industry;

(c) In general, the above factors are reflected in the basic principles of the 1963 Presidential Policy Statement.

Based on the results of the studies and experience gained under the 1963 Policy Statement certain improvements in the Policy have been recommended which would provide (1) agency heads with additional authority to permit contractors to obtain greater rights to inventions where necessary to achieve utilization or where equitable circumstances would justify such allocation of rights, (2) additional guidance to the agencies in promoting the utilization of Government-sponsored inventions, (3) clarification of the rights of States and municipal governments in inventions in which the Federal Government acquires a license, and (4) a more definitive data base for evaluating the administration and effectiveness of the Policy and the feasibility and desirability of further refinement or modification of the Policy.

I have approved the above recommendations and have attached a revised Statement of Government Patent Policy for your guidance. As with the 1963 Policy Statement, the Federal Council shall make a continuing effort to record, monitor and evaluate the effects of this Policy Statement. A Committee on Government Patent Policy, operating under the aegis of the Federal Council for Science and Technology, shall assist the Federal Council in these matters.

This memonradum and statement of policy shall be published in the Federal Register.

RICHARD NIXON.

STATEMENT OF GOVERNMENT PATENT POLICY

Basic Considerations

A. The Government expends large sums for the conduct of research and development which results in a considerable number of inventions and discoveries.

B. The inventions in scientific and technological fields resulting from work performed under Government contracts constitute a valuable national resource.

C. The use and practice of these inventions and discoveries should stimulate inventors, meet the needs of the Government, recognize the equities of the contractor, and serve the public interest.

D. The public interest in a dynamic and efficient economy requires that efforts be made to encourage the expeditious development and civilian use of these inventions. Both the need for incentives to draw forth private initiatives to this end, and the need to promote healthy competition in industry must be weighed in the disposition of patent rights under Government contracts. Where exclusive rights are acquired by the contractor, he remains subject to the provisions of the antitrust laws.

E. The public interest is also served by sharing of benefits of Government-financed research and development with foreign countries to a degree consistent with our international programs and with the objectives of U.S. foreign policy.

F. There is growing importance attaching to the acquisition of foreign patent rights in furtherance of the interests of U.S. industry and the Government.

G. The prudent administration of Government research and development calls for a Government-wide policy on the disposition of inventions made under Government contracts reflecting common principles and objectives, to the extent consistent with the missions of the respective agencies. The policy must recognize the need for flexibility to accommodate special situations.

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SECTION 1. The following basic policy is established for all Government agencies with respect to inventions or discoveries made in the course of or under any contract of any Government agency, subject to specific statutes governing the disposition of patent rights of certain Government agencies.

(a) Where

(1) a principal purpose of the contract is to create, develop or improve products, processes, or methods which are intended for commercial use (or which are otherwise intended to be made available for use) by the general public at home or abroad, or which will be required for such use by governmental regulations; or

(2) a principal purpose of the contract is for exploration into fields which directly concern the public health, public safety, or public welfare; or

(3) the contract is in a field of science or technology in which there has been little significant experience outside of work funded by the Government, or where the Government has been the principal developer of the field, and the acquisition of exclusive rights at the time of contracting might confer on the contractor a preferred or dominant position; or

(4) the services of the contractor are

(i) for the operation of a Government-owned research or production facility; or

(ii) for coordinating and directing the work of others,

the Government shall normally acquire or reserve the right to acquire the principal or exclusive rights throughout the world in and to any inventions made in the course of or under the contract.

In exceptional circumstances the contractor may acquire greater rights than a nonexclusive license at the time of contracting where the head of the department or agency certifies that such action will best serve the public interest. Greater rights may also be acquired by the contractor after the invention has been identified where the head of the department or agency determines that the acquisition of such greater rights is consistent with the intent of this Section 1(a) and is either a necessary incentive to call forth private risk capital and expense to bring the invention to the point of practical application or that the Government's contribution to the invention is small compared to that of the contractor. Where an identified invention made in the course of or under the contract is not a primary object of the contract, greater rights may also be acquired by the contractor under the criteria of Section 1(c).

(b) In other situations, where the purpose of the contract is to build upon existing knowledge or technology, to develop information, products, processes, or methods for use by the Government, and the work called for by the contract is in a field of technology in which the contractor has acquired technical competence (demonstrated by factors such as know-how, experience, and patent position) directly related to an area in which the contractor has an established nongovernmental commercial position, the contractor shall normally acquire the principal or exclusive rights throughout the world in and to any resulting inventions.

(c) Where the commercial interests of the contractor are not sufficiently established to be covered by the criteria specified in Section 1(b) above, the determination of rights shall be made by the agency after the invention has been identified, in a manner deemed most likely to serve the public interest as expressed in this policy statement, taking particularly into account the intentions of the contractor to bring the invention to the point of commercial application and the guidelines of Section 1(a) hereof, provided that the agency may prescribe by regulation special situations where the public interest in the availability of the inventions would best be served by permitting the contractor to acquire at the time of contracting greater rights than a nonexclusive license.

(d) In the situations specified in Sections 1(b) and 1(c), when two or more potential contractors are judged to have presented proposals of equivalent merit, willingness to grant the Government principal or exclusive rights in resulting inventions will be an additional factor in the evaluation of the proposals.

(e) Where the principal or exclusive rights in an invention remain in the contractor, he should agree to provide written reports at reasonable intervals, when requested by the Government, on the commercial use that is being made or is intended to be made of inventions made under Government contracts.

(f) Where the principal or exclusive rights in an invention remain in the contractor, unless the contractor, his licensee, or his assignee has taken effective steps within three years after a patent issues on the invention to bring the invention to the point of practical application or has made the invention available for licensing royalty-free or on terms that are reasonable in the circumstances, or can show cause why he should retain the principal or exclusive rights for a further period of time, the Government shall have the right to require the granting of a nonexclusive or exclusive license to a responsible applicant(s) on terms that are reasonable under the circumstances.

(g) Where the principal or exclusive rights to an invention are acquired by the contractor, the Government shall have the right to require the granting of a nonexclusive or exclusive license to a responsible applicant(s) on terms that are reasonable in the circumstances (i) to the extent that the invention is required for public use by governmental regulations, or (ii) as may be necessary to fulfill health or safety needs, or (iii) for other public purposes stipulated in the contract.

(h) Whenever the principal or exclusive rights in an invention remain in the contractor, the Government shall normally acquire, in addition to the rights set forth in Sections 1(e), 1(f), and 1(g),

(1) at least a nonexclusive, nontransferable, paid-up license to make, use, and sell the invention throughout the world by or on behalf of the Government of the United States (including any Government agency) and States and domestic municipal governments, unless the agency head determines that it would not be in the public interest to acquire the license for the States and domestic municipal governments; and

(2) the right to sublicense any foreign government pursuant to any existing or future treaty or agreement if the agency head determines it would be in the national interest to acquire this right; and

(3) the principal or exclusive rights to the invention in any country in which the contractor does not elect to secure a patent.

(i) Whenever the principal or exclusive rights in an invention are acquired by the Government, there may be reserved to the contractor a revocable or irrevocable nonexclusive royalty-free license for the practice of the invention throughout the world; an agency may reserve the right to revoke such license so that it might grant an exclusive license when it determines that some degree of exclusivity may be necessary to encourage further development and commercialization of the invention. Where the Government has a right to acquire the principal or exclusive rights to an invention and does not elect to secure a patent in a foreign country, the Government may permit the contractor to acquire such rights in any foreign country in which he elects to secure a patent, subject to the Government's rights set forth in Section 1(h).

SEC. 2. Under regulations prescribed by the Administrator of General Services, Government-owned patents shall be made available and the technological advances covered thereby brought into being in the shortest time possible through dedication or licensing, either exclusive or nonexclusive, and shall be listed in offlcial Government publications or otherwise.

SEC. 3. The Federal Council for Science and Technology in consultation with the Department of Justice shall prepare at least annually a report concerning the effectiveness of this policy, including recommendations for revision or modification as necessary in light of the practices and determinations of the agencies in the disposition of patent rights under their contracts. The Federal Council for Science and Technology shall continue to

(a) develop by mutual consultation and coordination with the agencies common guidelines for the implementation of this policy, consistent with existing statutes, and to provide overall guidance as to disposition of inventions and patents in which the Government has any right or interest; and

(b) acquire data from the Government agencies on the disposition of patent rights to inventions resulting from federally financed research and development and on the use and practice of such inventions to serve as bases for policy review and development; and

(c) make recommendations for advancing the use and exploitation of Government-owned domestic and foreign patents.

Each agency shall record the basis for its actions with respect to inventions and appropriate contracts under this statement.

SEC. 4. Definitions: As used in this policy statement, the stated terms in singular and plural are defined as follows for the purposes hereof:

(a) *Government agency*—includes any executive department, independent commission, board, office, agency, administration, authority, Government corporation, or other Government establishment of the executive branch of the Government of the United States of America.

(b) *States*—means the States of the United States, the District of Columbia, Puerto Rico, the Virgin Islands, American Samoa, Guam, and the Trust Territory of the Pacific Islands.

(c) *Invention, or Invention or discovery*—includes any art, machine, manufacture, design, or composition of matter, or any new and useful improvement thereof, or any variety of plant, which is or may be patentable under the Patent Laws of the United States of America or any foreign country.

(d) *Contractor*—means any individual, partnership, public or private corporation, association, institution, or other entity which is a party to the contract.

(e) *Contract*—means any actual or proposed contract, agreement, grant, or other arrangement, or subcontract entered into with or for the benefit of the Government where a purpose of the contract is the conduct of experimental, developmental, or research work.

(f) *Made*—when used in relation to any invention or discovery means the conception or first actual reduction to practice of such invention in the course of or under the contract.

(g) *To the point of practical application*—means to manufacture in the case of a composition or product, to practice in the case of a process, or to operate in the case of a machine and under such conditions as to establish that the invention is being worked and that its benefits are reasonably accessible to the public.

EXECUTIVE OFFICE OF THE PRESIDENT,
OFFICE OF SCIENCE AND TECHNOLOGY,
Washington, D.C., August 24, 1971.

PRESS RELEASE

ON AUGUST 23, 1971 PRESIDENT NIXON ISSUED A REVISED MEMORANDUM AND STATEMENT OF GOVERNMENT PATENT POLICY

On August 23, 1971, President Nixon issued a revised Memorandum and Statement of Government Patent Policy addressed to the Heads of the Executive Departments and Agencies. The revisions contained in the new Statement were based on the results of the studies and experience gained under the 1963 Policy Statement and provide a refinement and improvement of the Government's patent policy. The revisions will have the following impact on the allocation of rights and utilization of inventions resulting from Government-sponsored research and development:

The heads of departments and agencies will have additional authority to grant ownership or exclusive use to their contractors on inventions arising from Government funded research where it is deemed necessary to create an incentive for further development and marketing. Studies have shown that there were circumstances where such inventions would not reach the marketplace unless some period of exclusivity was provided the developer to recoup his private investment. Ownership or exclusive use to such inventions may also be granted the contractor where the equities of the Government are small when compared to the equities of the contractor.

The Departments and Agencies of the Executive have been given additional guidance for promoting the utilization of Government-owned inventions. To encourage utilization, the Government may grant an exclusive license on some inventions where it is necessary to create an added incentive for further development and marketing. The General Services Administration will issue comprehensive patent licensing regulations to implement this policy.

In cases where the contractor acquires ownership to an invention resulting from research funded by the Government, the scope of the license acquired by the Government is now more definitive. The nonexclusive, nontransferable, paidup license to make, use and sell the invention throughout the world by or on behalf of the Government of the United States (including any Government agency) is normally extended to States and domestic municipal governments, unless the agency head determines that it would not be in the public interest to acquire the license for the States and domestic municipal governments. Heretofore, the scope of the license acquired by the Government with respect to the license to the states and municipal governments was not consistently interpreted.

For purposes of evaluating the administration and effectiveness of the policy and the desirability of further refinement or modification of the policy, the Departments and Agencies operating under the Statement will be required to record their actions on the disposition of invention rights and licensing practices.

A detailed explanation of the changes appearing in the revised Statement is attached.

EXPLANATION OF CHANGES

The following changes by section paragraphs with explanatory comments have been made in the Statement of Government Patent Policy. Language added is *underscored* and language deleted is set off in brackets.

SECTION 1(a)(2)

(2) a principal purpose of the contract is for exploration into fields which directly concern the public health, *public safety* or public welfare; or

Comments.—While the phrase "public health or public welfare" is sufficiently broad to include the concept of public safety, the Department of Transportation has requested specific language in this respect in view of the emphasis being given the safety program.

SECTION 1(a)

In exceptional circumstances the contractor may acquire greater rights than a nonexclusive license at the time of contracting, where the head of the department or agency certifies that such action will best serve the public interest. Greater rights may also be acquired by the contractor after the invention has been identified [, where the invention when made in the course of or under the contract is not a primary object of the contract, provided] *where the head of the department or agency determines that* the acquisition of such greater rights is consistent with the intent of this Section 1(a) and is *either* a necessary incentive to call forth private risk capital and expense to bring the invention to the point of practical application [.] *or the Government's contribution to the invention is small compared to that of the contractor. Where an indentified invention made in the course of or under the contract is not a primary object of the contract, greater rights may also be acquired by the contractor under the criteria of Section 1(c).*

Comments.—As presently worded, the "exceptional circumstances" portion of Section 1(a) permits greater rights to be acquired by a contractor at the time of contracting to all inventions developed under the contract where the head of an agency certifies that such action will best serve the public interest. The Federal Council for Science and Technology has interpreted this language to include the concept of permitting a contractor to acquire greater rights to a single identified invention at the time of contracting as well. The "greater rights" portion of Section 1(a) also specifically permits the contractor to require greater rights to an identified invention made under the contract, but only where the invention is not the primary object of the contract.

Some agencies, although not all, have concluded that there is no authority for permitting a contractor to acquire greater rights to an identified invention made under the contract where the invention is a direct object of the contract. Such an interpretation might prevent, for example, the Department of Health, Education and Welfare from granting greater rights to a health invention, or the Department of Agriculture from granting such rights to an invention developed under one of their contracts. The Federal Council believed that the results of the Harbridge House Study demonstrate that, under certain circumstances, this type of invention will not be used commercially, and will, therefore, be unavailable to the public, unless some form of exclusivity can be granted. For this reason, the Council has recommended amendments to this portion of Section 1(a) which would permit the granting of greater rights to inventions that are the primary object of a contract where the head of the agency determines that such action would be consistent with the intent of this section, and is a necessary incentive to call forth private risk capital to commercialize the invention.

In addition, the agency head is given the authority under these amendments to grant greater rights to identified inventions which may be the object of the contract where the Government's contribution to the invention is small or minor compared to that of the contractor, as long as such action would be consistent with the intent of Section 1(a). The Federal Council viewed this amendment

as covering situations of the type dealt with under the exceptional circumstances provision, only on a case-by-case basis after the invention has been identified. It was recognized that the relative contributions may be so disproportionate as to make Government acquisition of principal or exclusive rights inequitable.

The Federal Council for Science and Technology also recommended amendments to this portion of Section 1(a) to permit the granting of greater rights to a contractor to identified inventions which are not the primary object of the contract under the less stringent criteria of Section 1(c) which would distribute invention rights on a case-by-case basis in a manner which would create the greatest likelihood that the invention would be developed and put into commercial use.

SECTION 1(b)

(b) In other situations, where the purpose of the contract is to build upon existing knowledge or technology, to develop information, products, processes, or methods for use by the Government, and the work called for by the contract is in a field of technology in which the contractor has acquired technical competence (demonstrated by factors such as know-how, experience, and patent position) directly related to an area in which the contractor has an established nongovernmental commercial position, the contractor shall normally acquire the principal or exclusive rights throughout the world in and to any resulting inventions [, subject to the Government acquiring at least an irrevocable nonexclusive royalty-free license throughout the world for governmental purposes].

Comments.—The language in this section defining the minimum rights which the Government shall acquire has been deleted, as the Federal Council for Science and Technology believed it would be more appropriate to cover the rights which the Government should acquire in a separate section. This has been accomplished through amendments to Section 1(h).

Some agencies have interpreted the language of this section as making it automatically applicable whenever the criteria are met, even though the contractor is not interested in acquiring patent rights. The Federal Council believed, however, that the words "shall normally acquire" are sufficiently broad as to permit an agency to apply the section only if the contractor has sufficient interest in acquiring patent rights to request them.

SECTION 1(c)

(c) Where the commercial interests of the contractor are not sufficiently established to be covered by the criteria specified in Section 1(b) above, the determination of rights shall be made by the agency after the invention has been identified, in a manner deemed most likely to serve the public interest as expressed in this policy statement, taking particularly into account the intentions of the contractor to bring the invention to the point of commercial application and the guidelines of Section 1(a) hereof, provided that the agency may prescribe by regulation special situations where the public interest in the availability of the inventions would best be served by permitting the contractor to

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acquire at the time of contracting greater rights than a nonexclusive license. [In any case the Government shall acquire at least a nonexclusive royalty-free license throughout the world for governmental purposes.]

Comments.—The Federal Council for Science and Technology concluded that the language of this section is sufficiently broad to include all of the factors identified in the Harbridge House Study as having an effect on fostering commercial utilization of inventions, including the consideration of the plans and intentions of the Government, as well as those of the contractor. Accordingly, no recommendation has been made to change this section, except to delete the last sentence defining the minimum rights reserved to the Government, which are now included in Section 1(h).

SECTION 1(d)

(d) Where the principal or exclusive [(except as against the Government)] rights in an invention remain in the contractor, he should agree to provide written reports at reasonable intervals, when requested by the Government, on the commercial use that is being made or is intended to be made of inventions made under Government contracts.

Comments.—This section has been amended only to delete the parenthetical phrase "except as against the Government" as this phrase is no longer necessary in view of the amendments to Section 1(h).

SECTION 1(e)

(e) Where the principal or exclusive [(except as against the Government)] rights in an invention remain in the contractor, unless the contractor, his licensee, or his assignee has taken effective steps within three years after a patent issues on the invention to bring the invention to the point of practical application or has made the invention available for licensing royalty-free or on terms that are reasonable in the circumstances, or can show cause why he should retain the principal or exclusive rights for a further period of time, the Government shall have the right to require the granting of a *nonexclusive or exclusive* license to [an] *a responsible applicant(s) on* [a nonexclusive royalty-free basis.] *terms that are reasonable under the circumstances.*

Comments.—The Federal Council for Science and Technology has recommended that this section be amended to permit the Government to require a contractor to grant licenses on terms that are reasonable under the circumstances, rather than on a "nonexclusive royalty-free basis." Although the granting of nonexclusive licenses may in some cases be sufficient to encourage commercialization of an invention; in other cases, some degree of exclusivity may be necessary. Accordingly, the language as amended is sufficiently broad to permit a requirement that the contractor grant an exclusive, as well as a nonexclusive license. The language of this section has also been amended to require the contractor to grant licenses only to applicants who appear to be responsible, and who would appear to have the ability to utilize the invention. In addition, the parenthetical phrase "except as against the Government" has been deleted in view of the amendments to Section 1(h).

SECTION 1(g)

(g) Where the principal or exclusive [(except as against the Government)] rights to an invention are acquired by the contractor, the Government shall have the right to require the granting of a *nonexclusive or exclusive* license to [an] *a responsible* applicant(*s*) [royalty-free or] on terms that are reasonable in the circumstances (i) to the extent that the invention is required for public use by governmental regulations, or (*ii*) as may be necessary to fulfill health or safety needs, or (*iii*) for other public purposes stipulated in the contract.

Comments.—The Federal Council for Science and Technology has recommended the deletion of the phrase "royalty-free" in view of the fact that the application of this section is not predicated on the fact that the contractor himself is not using the invention. In extreme cases, however, the Federal Council believed that the phrase "on terms that are reasonable in the circumstances" could be interpreted broadly enough to include a royalty-free license. This section has also been amended to require licensing only to "responsible" applicants. The addition of "safety" needs was made to clarify the application of this provision to purposes of safety. The parenthetical phrase "except as against the Government" has been deleted in view of the amendments to Section 1(h).

SECTION 1(h)

(h) Whenever the principal or exclusive rights in an invention remain in the contractor, the Government shall normally acquire, in addition to the rights set forth in Sections 1(c), 1(f), and 1(g):

(1) at least a nonexclusive, nontransferable, paid-up license to make, use, and sell the invention throughout the world by or on behalf of the Government of the United States (including any Government agency) and States and domestic municipal governments, unless the agency head determines that it would not be in the public interest to acquire the license for the States and domestic municipal governments; and

(2) the right to sublicense any foreign government pursuant to any existing or future treaty or agreement if the agency head determines it would be in the national interest to acquire this right; and

(3) the principal or exclusive rights to the invention in any country in which the contractor does not elect to secure a patent.

Comments.—The license rights of the Government and the contractor originally set forth in Sections 1(a), (b), (c), (e), (f), (g), and (h) are now set forth in Sections 1(h) and (i). Section 1(h) covers the situation where the principal or exclusive rights remain in the contractor.

Section 1(h) has been amended to include the minimum rights to be retained by the Government in all cases where the contractor has been given principal or exclusive rights to an invention.

Section 1(h)(l) defines the scope of the license that the Government shall normally acquire both for its own use as well as for use by States and municipal governments. A license for use by the States and domestic municipal governments is normally acquired, unless the agency head determines that it is not in the public interest to do so. Section 1(h)(l) as amended spells out the meaning of the definition of

"governmental purposes", and therefore, that phrase no longer appears in the Policy Statement.

SECTION 1(i)

(i) Whenever the principal or exclusive rights in an invention are acquired by the Government, there may be reserved to the contractor a revocable or irrevocable nonexclusive royalty-free license for the practice of the invention throughout the world; an agency may reserve the right to revoke such license so that it might grant an exclusive license when it determines that some degree of exclusivity may be necessary to encourage further development and commercialization of the invention. Where the Government has a right to acquire the principal or exclusive rights to an invention and does not elect to secure a patent in a foreign country, the Government may permit the contractor to acquire such rights in any foreign country in which he elects to secure a patent, subject to the Government's rights set forth in Section 1(h).

Comments.—The license rights of the Government and the contractor originally set forth in Sections 1 (a), (b), (c), (e), (f), (g), and (h) are now set forth in Sections 1 (h) and (i). Section 1(i) covers the situation where the principal or exclusive rights are acquired by the Government.

Section 1(i) defines the rights that may be retained by the contractor where the Government acquires the principal or exclusive rights. The language does not require an agency to give the contractor an irrevocable license, as those agencies interested in conducting a licensing program, including the granting of limited exclusive licenses, wanted to retain authority to revoke the contractor's nonexclusive license if he failed to work the invention and others were willing to do so on an exclusive license basis.

SECTION 2

Section 2.—*Under regulations prescribed by the Administrator of General Services*, Government-owned patents shall be made available and the technological advances covered thereby brought into being in the shortest time possible through dedication or licensing, *either exclusive or nonexclusive*, and shall be listed in official Government publications or otherwise.

Comments.—Section 2 has been amended to insure that the licensing recommended in this section is interpreted as being broad enough to include some form of exclusive as well as nonexclusive rights. The Harbridge House Study clearly showed that there are circumstances under which some degree of exclusivity will be necessary in order to achieve commercial utilization of some inventions. A provision has been added for the Administrator of General Services to issue Government-wide comprehensive patent licensing regulations for essential uniformity of policies, procedures, and practices by Federal agencies.

SECTION 3

Section 3. The Federal Council for Science and Technology in consultation with the Department of Justice shall prepare at least annually a report concerning the effectiveness of this policy, including recommendations for revision or modification as necessary in light of the practices and determinations of the agencies in the disposition of patent rights under their contracts. [A Patent Advisory Panel is to

be established under] The Federal Council for Science and Technology *shall continue to*

(a) develop by mutual consultation and coordination with the agencies common guidelines for the implementation of this policy, consistent with existing statutes, and to provide overall guidance as to disposition of inventions and patents in which the Government has any right or interest; and

(b) [encourage the acquisition of data by] *acquire data from the* Government agencies on the disposition of patent rights to inventions resulting from federally financed research and development and on the use and practice of such inventions to serve as basis for policy review and development; and

(c) make recommendations for advancing the use and exploitation of Government-owned domestic and foreign patents.

Each agency shall record the basis for its actions with respect to inventions and appropriate contracts under this statement.

Comments.—Responsibility for administering the policy statement has been placed directly on the Federal Council for Science and Technology; the acquisition of data from agencies is specifically required with respect to the disposition of patent rights to inventions; and the requirement is placed on each agency to establish necessary records of its actions under the policy statement.

SECTION 4(a)

(a) Government agency—includes any executive department, independent commission, board, office, agency, administration, authority, *Government corporation*, or other Government establishment of the executive branch of the Government of the United States of America.

Comments.—The words "Government corporation" were added to the definition of Government agency to insure that the license reserved to the United States under Section 1(h) would include a Government corporation.

SECTION 4(b)

(b) States—means the States of the United States, the District of Columbia, Puerto Rico, the Virgin Islands, American Samoa, Guam, and the Trust Territory of the Pacific Islands.

Comments.—This definition has been added to clarify the meaning of the word "State" appearing in revised Section 1(h). The definition was added since it was considered useful in defining the scope of the license coverage running to the States.

SECTION 4(f)

[(f) Governmental purpose—means the right of the Government of the United States (including any agency thereof, State, or domestic municpal government) to practice and have practiced (make or have made, use or have used, sell or have sold) throughout the world by or on behalf of the Government of the United States.]

Comments.—The term "governmental purposes" appears in Section 1(h) of the 1963 Presidential Policy Statement. Since Section 1(h) has been revised and no longer contains this phrase, the definition has been canceled.

Section 4 paragraphs (b), (c), (d), and (e) have been renumbered (c), (d), (e), and (f), respectively.

Part B—Federal Patent Regulations

Following the issuance of the 1971 Presidential patent policy statement, regulations were promulgated by the Administrator of General Services in August 1973. After unsuccessful court challenge and the invitation for extensive public comments the regulations were revised and reissued in May 1975. These regulations are intended to provide for standard patent rights clauses for use by all the Government agencies.

Title 41—Public Contracts and Property Management

(Published Federal Register, vol. 40, No. 89, May 7, 1975)

CHAPTER 1—FEDERAL PROCUREMENT REGULATIONS

[FPR Amendment 147]

PART 1–9—PATENTS, DATA, AND COPYRIGHTS

ALLOCATION OF RIGHTS IN INVENTIONS

This amendment of the Federal Procurement Regulations makes changes in Subpart 1–9.1, Patents, which was published in the Federal Procurement Regulations (38 FR 23782, September 4, 1973). The regulations were developed in cooperation with the Committee on Government Patent Policy, Federal Council for Science and Technology. The regulations implement the revised Presidential Statement on Government Patent Policy (36 FR 16887, August 26, 1971). As originally published, interested parties were invited to submit comments. This opportunity to comment was considered appropriate, since the draft which was originally furnished for comment was extensively modified and enlarged. On February 28, 1974, the effective date provision of the regulations was canceled. The regulations now have been revised in the light of the comments received and a new effective date has been established.

The table of contents for Part 1–9 is amended by the addition of the following new entries:

Sec.

Subpart 1–9.1 is revised as follows:

SUBPART 1–9.1—PATENTS

§ 1–9.100 Scope of subpart.

This subpart sets forth policies, procedures, and contract clauses with respect to inventions made in the course of or under a contract or subcontract entered into with or for the benefit of the Government where a purpose is the conduct of experimental, developmental, or research work. The policies, procedures, and contract clauses may also be used in grants, agreements, and other arrangements as agencies deem appropriate.

§§ 1–9.101—1–9.106 [Reserved]

§ 1–9.107 Patent rights under contracts for research and development.

§ 1–9.107–1 General.

(a) *Introduction.* On August 23, 1971, the President issued a Statement of Government Patent Policy (36 FR 16887, August 26, 1971) applicable to all executive departments and agencies, revising a prior Statement of Policy (28 FR 10943, October 12, 1963). Essentially, the goals of this statment are to provide criteria for determining the allocation of rights in inventions resulting from federally sponsored research and development contracts, to promote their expeditious development so that the public can benefit from early civilian use of the inventions, and to ensure their continued availability. In applying this regulation, agency heads must weigh both the need for incentives to draw forth private initiatives, and the need to promote healthy competition in industry. Consistent with the FPR system, agencies may implement and supplement this subpart.

(b) *Applicable statutes.* Except to the extent that agencies are governed by specific statutes or by any treaty or agreement between the United States and any foreign country that are inconsistent with this subpart, agencies shall follow the provisions of this subpart, including the use of the prescribed clauses. Modifications to the prescribed clauses are permissible to the extent that these clauses are inconsistent with the requirements of statutes, treaties, or agreements.

(c) *Co-sponsored, cost sharing, or joint venture research.* The provisions of this subpart are not mandatorily applicable to co-sponsored, cost sharing, or joint venture research when the agency determines that in the course of the work under the contract the contractor will be required to make a substantial contribution of funds, facilities, or equipment to the principal purpose of the contract. However, agencies are encouraged to follow the provisions of this subpart to the extent practicable.

(d) *Background patent rights.* Nothing in this subpart is intended to preclude the use of appropriate contract provisions concerning rights in contractor's background patents.

§ 1–9.107–2 [Reserved]

§ 1–9.107–3 Policy.

(a) The Government shall normally acquire or reserve the right to acquire the principal or exclusive rights throughout the world in and to any inventions made in the course of or under a contract where:

(1) A principal purpose of the contract is to create, develop, or improve products, processes, or methods which are intended for commercial use (or which are otherwise intended to be made available for use) by the general public at home or abroad, or which will be required for such use by governmental regulations; or

(2) A principal purpose of the contract is for exploration into fields which directly concern the public health, public safety, or public welfare; or

(3) The contract is in a field of science or technology in which there has been little significant experience outside of work funded by the Government, or where the Government has been the principal developer of the field, and the retention of exclusive rights at the time of contracting might confer on the contractor a preferred or dominant position; or

(4) The services of the contractor are:

(i) For the operation of a Government-owned research or production facility; or

(ii) For coordinating and directing the work of others.

In exceptional circumstances the contractor may retain greater rights than a nonexclusive license at the time of contracting where the head of the department or agency certifies that such action will best serve the public interest. Greater rights may also be retained by the contractor after the invention has been identified where the head of the department or agency determines that the retention of such greater rights is consistent with the intent of this paragraph (a) and is either a necessary incentive to call forth private risk capital and expense to bring the invention to the point of practical application or that the Government's contribution to the invention is small compared to that of the contractor. Where an identified invention made in the course of or under the contract is not directly related to a principal purpose of the contract, greater rights may also be retained by the contractor under the criteria of (c), below.

(b) In other situations, where the purpose of the contract is to build upon existing knowledge or technology to develop information, products, processes, or methods for use by the Government and the work called for by the contract is in a field of technology in which the contractor has acquired technical competence (demonstrated by factors such as know-how, experience, and patent position) directly related to an area in which the contractor has an established nongovernmental commercial position, the contractor shall normally retain the principal or exclusive rights throughout the world in and to any resulting inventions.

(c) Where the commercial interests of the contractor are not sufficiently established to be covered by the criteria specified in (b), above, the allocation of rights shall be made by the agency after the invention has been identified, in a manner deemed most likely to serve the

public interest as expressed in this policy, taking particularly into account the intentions of the contractor to bring the invention to a point of commercial application and the guidelines of (a), above, provided that the agency may prescribe by regulation special situations where the public interest in the availability of the inventions would best be served by permitting the contractor to retain at the time of contracting greater rights than a nonexclusive license.

(d) In the situations specified in (b) and (c) of this section, when two or more potential contractors are judged to have presented proposals of equivalent merit, willingness to grant the Government principal or exclusive rights in resulting inventions will be an additional factor in the evaluation of the proposals.

(e) Where the principal or exclusive rights in an invention remain in the contractor, he should agree to provide written reports at reasonable intervals, when requested by the Government, on the commercial use that is being made or is intended to be made of inventions made under Government contracts.

(f) Where the principal or exclusive rights in an invention remain in the contractor, unless the contractor, his licensee, or his assignee has taken effective steps within 3 years after a patent issues on the invention to bring the invention to the point of practical application, or has made the invention available for licensing royalty-free or on terms that are reasonable in the circumstances, or can show cause why he should retain the principal or exclusive rights for a further period of time, the Government shall have the right to require the granting of a nonexclusive or exclusive license to a responsible applicant(s) on terms that are reasonable under the circumstances.

(g) Where the principal or exclusive rights to an invention are retained by the contractor, the Government shall have the right to require the granting of a nonexclusive or exclusive license to a responsible applicant(s) on terms that are reasonable in the circumstances (i) to the extent that the invention is required for public use by governmental regulations, or (ii) as may be necessary to fulfill health or safety needs, or (iii) for other public purposes stipulated in the contract.

(h) Whenever the principal or exclusive rights in an invention remain in the contractor, the Government shall normally acquire:

(1) At least a nonexclusive, nontransferable, paid-up license to make, use, and sell the invention throughout the world by or on behalf of the Government of the United States (including any Government agency) and States and domestic municipal governments, unless the agency head or his designee determines that it would not be in the public interest to acquire the license for the States and domestic municipal governments; and

(2) The right to sublicense any foreign government pursuant to any existing or future treaty or agreement if the agency head or his designee determines it would be in the national interest to acquire the right; and

(3) The principal or exclusive rights to the invention in any country in which the contractor does not elect to secure a patent.

(i) Whenever the principal or exclusive rights in an invention are acquired by the Government, there may be reserved to the contractor a revocable or irrevocable, nonexclusive, royalty-free license for the practice of the invention throughout the world; an agency

may reserve the right to revoke such license so that it might grant an exclusive license when it determines that some degree of exclusivity may be necessary to encourage further development and commercialization of the invention. Where the Government acquires the principal or exclusive rights to an invention and does not elect to secure a patent in a foreign country, the contractor may retain such rights in any foreign country in which he elects to secure a patent, subject to the Government's rights set forth in (h) of this section.

(j) Nothing in this subpart shall be construed to confer immunity upon any person from the antitrust laws or from a charge of patent misuse, and no person shall be immune from the operation of State or Federal law by reason of the retention and use of rights pursuant to this subpart.

§ 1–9.107–4 Procedures.

(a) *Selection of Patent Rights clause.* (1) Whenever a contract which is to be performed in the United States, its possessions, Puerto Rico, or the District of Columbia has as a purpose the conduct of experimental, developmental, or research work, the agency shall apply the policy in § 1–9.107–3 to the contracting situation and shall include in the contract a Patent Rights clause from §§ 1–9.107–5 or 1–9.107–6. The clauses in § 1–9.107–5 shall be used as appropriate in contracts with industrial concerns or in contracts with nonprofit organizations calling for developmental work. The clauses specified in §§ 1–9.107–5 or 1–9.107–6 may be used in contracts calling for basic or applied research with nonprofit organizations. Solicitations shall provide offerors with an opportunity to show that the selected clause proposed for a contract is inappropriate for a particular procurement situation. In no event will contractors be asked to state their willingness to grant the Government principal or exclusive patent rights prior to a determination that proposals of equivalent merit have been presented.

(2) The Patent Rights clause in § 1–9.107–5(a), except as otherwise provided in § 1–9.107–6(a), shall be used whenever the agency determines that the experimental, developmental, or research work to be performed under the contract falls within § 1–9.107–3(a). This clause provides that the Government shall acquire title, under certain circumstances, to inventions made in the course of or under the contract subject to the reservation of nonexclusive license rights to the contractor. The contractor may retain greater rights than a nonexclusive license after an invention has been identified if the agency determines that the criteria of § 1–9.109–6 are met. When the agency head or his duly authorized designee determines that exceptional circumstances exist as provided for in § 1–9.107–3(a), paragraphs (b) and (i) of the clause prescribed in § 1–9.107–5(a) may be appropriately modified so that the contractor retains greater rights than a nonexclusive license concerning all or specific inventions.

(3) The Patent Rights clause in § 1–9.107–5(b) shall be used whenever the agency determines that the experimental, developmental, or research work to be performed under the contract does not come within § 1–9.107–3(a) but is within § 1–9.107–3(b). This clause provides that title to any inventions resulting from the contract remains in the contractor subject to the acquisition of certain specified rights by the Government.

(4) The Patent Rights clause in § 1–9.107–5(c), except as otherwise provided in § 1–9.107–6(b), shall be used whenever the agency determines that the experimental, developmental, or research work to be performed under the contract does not come within §§ 1–9.107–3 (a) or (b), but is within § 1–9.107–3(c). The clause in § 1–9.107–5(c) provides that the allocation of rights in inventions resulting from the contract shall be deferred until after an invention has been identified. When the agency determines pursuant to its regulations that a special situation exists, paragraphs (b) and (i) of the clause prescribed in § 1–9.107–5(c) may be modified so that the contractor retains greater rights than a nonexclusive license.

(5) A short form Patent Rights clause in § 1–9.107–6 (a) or (b) may be used by the agency instead of the clause in § 1–9.107–5 (a) or (c), respectively, where the contract calls for basic or applied research and the contractor is a nonprofit organization for other than the operation of a Government-owned research or production facility. These clauses are not appropriate for use where the agency head determines that the contractor is entitled to retention of greater rights upon a finding that exceptional circumstances as provided for in § 1–9.107–3(a) are present or where the contract falls within the special situations criteria of § 1–9.107(c). In either event, a Patent Rights clause in § 1–9.107–5, appropriately modified, shall be used.

(b) *Record of decisions.* Agencies shall record the basis for the following actions: (1) Selection of a Patent Rights clause; (2) finding of exceptional circumstances in § 1–9.107–3(a) or of special situations in § 1–9.107–3(c); (3) retention of greater rights pursuant to § 1–9.109–6; and (4) determinations under §§ 1–9.107–4 (c) and (d).

(c) *License for the Government, States, and municipal governments.* The policy set forth in § 1–9.107–3(h)(1) provides that the Government shall normally acquire a paid-up license in any invention resulting from the contract for the Government, States, and municipal governments. Paragraph (c)(1) in the Patent Rights clauses in § 1–9.107–5 sets forth such a license. When the agency determines that it would not be in the public interest in a particular contracting situation to acquire a license for the Government of the scope in paragraph (c)(1), this paragraph may be appropriately modified. The agency head or his duly authorized designee may determine at the time of contracting that it would not be in the public interest to acquire such a license for States and municipal governments or may reserve the right to make this determination after the invention has been identified. When the determination is made or the right to make the determination is reserved, paragraph (c)(1) of the Patent Rights clauses in § 1–9.107–5 shall be replaced with the appropriate paragraph in § 1–9.107–5(d).

(d) *Right to sublicense foreign governments.* Paragraph (c) of the Patent Rights clauses in §1–9.107–5 does not provide the Government with the right to grant a sublicense in any inventions resulting from the contract to any foreign government pursuant to any treaty or agreement. The agency head or his duly authorized designee may determine at the time of contracting that it would be in the national interest to acquire this right, or he may reserve the right to make this determination after the invention has been identified. When the agency head makes or reserves the right to make this determina-

tion, the appropriate sentence in §1–9.107–5(e) shall be included as part of paragraph (c) in the Patent Rights clauses of §1–9.107–5.

(e) *Minimum rights to contractor.* Paragraph (d) of the Patent Rights clauses of §1–9.107–5 specify the minimum rights retained by the contractor in inventions made in the course of or under the contract. Where appropriate, the agency may modify this Minimum Rights provision, whereby, the contractor reserves:

(1) A *revocable*, nonexclusive, royalty-free license in the inventions, in which case paragraph (d) of §1–9.107–5(a) shall be included in the Patent Rights clauses in §1–9.107–5;

(2) A *revocable*, nonexclusive, royalty-free license in the inventions only upon request by the contractor for reservation of such a license, in which case paragraph (d)(1) of the Patent Rights clauses in §1–9.107–5 shall be replaced with paragraph (d)(1) in §1–9.107–5(f);

(3) An *irrevocable*, nonexclusive, royalty-free license in the inventions, in which case paragraph (d) of the Patent Rights clauses in §1–9.107–5 shall be replaced with paragraph (d) in §1–9.107–5(g); or

(4) An *irrevocable*, nonexclusive, royalty-free license in inventions constructively reduced to practice prior to the effective date of the contract, in which case paragraph (d)(4) of §1–9.107–5(h) shall be added to the Patent Rights clauses in §1–9.107–5.

(f) *Subcontracts.* (1) The policy expressed in § 1–9.107–3 is applicable to prime contracts and to subcontracts regardless of tier. The appropriate Patent Rights clause prescribed by this subpart shall be included in all subcontracts having as a purpose the conduct of experimental, developmental, or reseach work. In general, the Patent Rights clause in the prime contract, with the exception of the withholding provision, will be appropriate for inclusion in such subcontracts. Whenever the prime contractor or a subcontractor considers the inclusion of the Patent Rights clause of the prime contract in a subcontract to be inconsistent with the policy expressed in § 1–9.107–3, or a subcontractor refuses to accept a Patent Rights clause in his subcontract, the matter shall be referred to the agency contracting officer for resolution prior to the award of the subcontract. Upon such referral, the same considerations and procedures followed by the contracting officer in selecting the Patent Rights clause included in the prime contract shall be used in selecting the Patent Rights clause to be included in the subcontract.

(2) Contractors shall not use their ability to award subcontracts as economic leverage to acquire rights for themselves in the inventions resulting from subcontracts.

(g) *Publication of invention dislosures.* The Patent Rights clauses of § 1–9.107–5 and § 1–9.107–6 specify in paragraph (e)(4) and (b)(2), respectively, that the Government may duplicate and disclose invention disclosures reported under the contract. However, the publication of the information in an invention disclosure by any party before the filing of a patent application may create a bar to the filing of foreign patent applications. The agency may restrict the publication of such information by the contractor in order to protect the interests of the Government or the contractor in obtaining foreign patents by adding the paragraph prescribed by § 1–9.107–5(i)(2) as a consecu-

tively-numbered paragraph after paragraph (e)(4) of the clauses of § 1–9.107–5, and after paragraph (b)(2) of the clauses of § 1–9.107–6. Where the contractor has been authorized to file foreign patent applications, the agency may desire to restrict its publication of the information in the related invention disclosure in order to protect the filing of such foreign applications by the contractor. In this event, the sentence in § 1–9.107–5(i)(1) should be added to paragraph (e)(4) of the Patent Rights clauses in § 1–9.170–5, and to paragraph (b)(2) of Patent Rights clauses in § 1–9.107–6.

(h) *Deviations.* Any departures from the policy, procedures, and clauses of this subpart shall be subject to the provisions of § 1–1.009.

§ 1–9.107–5 Clauses for domestic contracts (long form).

(a) *Patent Rights clause—Acquisition by the Government.* When the agency has determined that a contract falls within § 1–9.107–4(a)(2), the following clause shall be included in the contract.

PATENTS RIGHTS—ACQUISITION BY THE GOVERNMENT

(a) *Definitions.* (1) "Subject Invention" means any invention or discovery of the Contractor conceived or first actually reduced to practice in the course of or under this contract, and includes any art, method, process, machine, manufacture, design, or composition of matter, or any new and useful improvement thereof, or any variety of plant, which is or may be patentable under the Patent Laws of the United States of America or any foreign country.

(2) "Contract" means any contract, agreement, grant, or other arrangement, or subcontract entered into with or for the benefit of the Government where a purpose of the contract is the conduct of experimental, developmental, or research work.

(3) "States and domestic municipal governments" means the States of the United States, the District of Columbia, Puerto Rico, the Virgin Islands, American Samoa, Guam, the Trust Territory of the Pacific Islands, and any political subdivision and agencies thereof.

(4) "Government agency" includes an executive department, independent commission, board, office, agency, administration, authority, Government corporation, or other Government establishment of the executive branch of the Government of the United States of American.

(5) "To the point of practical application" means to manufacture in the case of a composition or product, to practice in the case of a process, or to operate in the case of a machine and under such conditions as to establish that the invention is being worked and that its benefits are reasonably accessible to the public.

(b) *Allocation of principal rights.* (1) *Assignment to the Government.* The Contractor agrees to assign to the Government the entire right, title, and interest throughout the world in and to each Subject Invention, except to the extent that rights are retained by the Contractor under paragraphs (b)(2) and (d) of this clause.

(2) *Greater rights determinations.* The Contractor or the employee-inventor with authorization of the Contractor may retain greater rights than the nonexclusive license provided in paragraph (d) of this clause in accordance with the procedure and criteria of 41 CFR 1–9.109–6. A request for determination whether the Contractor or the employee-inventor is entitled to retain such greater rights must be submitted to the Contracting Officer at the time of the first disclosure of the invention pursuant to paragraph (e)(2)(i) of this clause, or not later than 3 months thereafter, or such longer period as may be authorized by the Contracting Officer for good cause shown in writing by the Contractor. The information to be submitted for a greater rights determination is specified in 41 CFR 1–9.109–6. Each determination of greater rights under this contract normally shall be subject to paragraph (c) of this clause and to the reservations and conditions deemed to be appropriate by the agency.

(c) *Minimum rights acquired by the Government.* With respect to each Subject Invention to which the Contractor retains principal or exclusive rights, the Contractor:

(1) Hereby grants to the Government a nonexclusive, nontransferable, paid-up license to make, use, and sell each Subject Invention throughout the world by or on behalf of the Government of the United States (including any Government agency) and States and domestic municipal governments;

(2) Agrees to grant to responsible applicants, upon request of the Government, a license on terms that are reasonable under the circumstances:

(i) Unless the Contractor, his licensee, or his assignee demonstrates to the Government that effective steps have been taken within 3 years after a patent issues on such invention to bring the invention to the point of practical application, or that the invention has been made available for licensing royalty-free or on terms that are reasonable in the circumstances, or can show cause why the principal or exclusive rights should be retained for a further period of time; or

(ii) To the extent that the invention is required for public use by governmental regulations or as may be necessary to fulfill public health, safety or welfare needs, or for other public purposes stipulated in this contract;

(3) Shall submit written reports at reasonable intervals upon request of the Government during the term of the patent on the Subject Invention regarding:

(i) The commercial use that is being made or is intended to be made of the invention; and

(ii) The steps taken by the Contractor or his transferee to bring the invention to the point of practical application or to make the invention available for licensing;

(4) Agrees to refund any amounts received as royalty charges on any Subject Invention in procurements for or on behalf of the Government and to provide for that refund in any instrument transferring rights to any party in the invention; and

(5) Agrees to provide for the Government's paid-up license pursuant to paragraph (c)(1) of this clause in any instrument transferring rights in a Subject Invention and to provide for the granting of licenses as required by (2) of this clause, and for the reporting of utilization information as required by paragraph (c)(3) of this clause whenever the instrument transfers principal or exclusive rights in any Subject Invention.

Nothing contained in this paragraph (c) shall be deemed to grant to the Government any rights with respect to any invention other than a Subject Invention.

(d) *Minimum rights to the Contractor.* (1) The Contractor reserves a *revocable,* nonexclusive, royalty-free license in each patent application filed in any country on a Subject Invention and any resulting patent in which the Government acquires title. The license shall extend to the Contractor's domestic subsidiaries and affiliates, if any, within the corporate structure of which the Contractor is a part and shall include the right to grant sublicenses of the same scope to the extent the Contractor was legally obligated to do so at the time the contract was awarded. The license shall be transferable only with approval of the agency except when transferred to the successor of that part of the Contractor's business to which the invention pertains.

(2) The Contractor's nonexclusive domestic license retained pursuant to paragraph (d) (1) of this clause may be revoked or modified by the agency to the extent necessary to achieve expeditious practical application of the Subject Invention under 41 CFR 101–4.103–3 pursuant to an application for exclusive license submitted, in accordance with 41 CFR 101–4.104–3. This license shall not be revoked in that field of use and/or the geographical areas in which the Contractor has brought the invention to the point of practical application and continues to make the benefits of the invention reasonably accessible to the public. The Contractor's nonexclusive license in any foreign country reserved pursuant to paragraph (d) (1) of this clause may be revoked or modified at the discretion of the agency to the extent the Contractor or his domestic subsidiaries or affiliates have failed to achieve the practical application of the invention in that foreign country.

(3) Before modification or revocation of the license, pursuant to paragraph (d) (2) of this clause, the agency shall furnish the Contractor a written notice of its intention to modify or revoke the license, and the Contractor shall be allowed 30 days (or such longer period as may be authorized by the agency for good cause shown in writing by the Contractor) after the notice to show cause why the license should not be modified or revoked. The Contractor shall have the right to appeal, in accordance with procedures prescribed by the agency, any decision concerning the modification or revocation of his license.

(e) *Invention, identification, disclosures, and reports.* (1) The Contractor shall establish and maintain active and effective procedures to ensure that Subject Inventions are promptly identified and timely disclosed. These procedures shall include the maintenance of laboratory notebooks or equivalent records and any other records that are reasonably necessary to document the conception and/or the first actual reduction to practice of Subject Inventions, and records which show that the procedures for identifying and disclosing the inventions are followed. Upon request, the Contractor shall furnish the Contracting Officer a description of these procedures so that he may evaluate and determine their effectiveness.

(2) The Contractor shall furnish the Contracting Officer:

(i) A complete technical disclosure for each Subject Invention within 6 months after conception or first actual reduction to practice whichever occurs first in the course of or under the contract, but in any event prior to any on sale, public use, or publication of such invention known to the Contractor. The disclosure shall identify the contract and inventor and shall be sufficiently complete in technical detail and appropriately illustrated by sketch or diagram to convey to one skilled in the art to which the invention pertains a clear understanding of the nature, purpose, operation, and, to the extent known, the physical, chemical, biological, or electrical characteristics of the invention;

(ii) Interim reports [1] at least every 12 months from the date of the contract listing Subject Inventions for that period and certifying that:

(A) The Contractor's procedures for identifying and disclosing Subject Inventions as required by this paragraph (e) have been followed throughout the reporting period; and

(B) All Subject Inventions have been disclosed or that there are no such inventions; and

(iii) A final report [1] within 3 months after completion of the contract work, listing all Subject Inventions or certifying that there were no such inventions.

(3) The Contractor shall obtain patent agreements to effectuate the provisions of this clause from all persons in his employ who perform any part of the work under this contract except nontechnical personnel, such as clerical employees and manual laborers.

(4) The Contractor agrees that the Government may duplicate and disclose Subject Invention disclosures and all other reports and papers furnished or required to be furnished pursuant to this clause.

(f) *Forfeiture of rights in unreported Subject Inventions.* (1) The Contractor shall forfeit to the Government all rights in any Subject Invention which he fails to disclose to the Contracting Officer within 6 months after the time he:

(i) Files or causes to be filed a United States of foreign application thereon; or

(ii) Submits the final report required by paragraph (e)(2)(iii) of this clause, whichever is later.

(2) However, the Contractor shall not forfeit rights in a Subject Invention if, within the time specified in (1)(i) or (1)(ii) of this paragraph (f), the Contractor:

(i) Prepared a written decision based upon a review of the record that the invention was neither conceived nor first actually reduced to practice in the course of or under the contract; or

(ii) Contending that the invention is not a Subject Invention, he nevertheless discloses the invention and all facts pertinent to his contention to the Contracting Officer; or

(iii) Establishes that the failure to disclose did not result from his fault or negligence.

(3) Pending written assignment of the patent applications and patents on a Subject Invention determined by the Contracting Officer to be forefeited (such determination to be a final decision under the Disputes Clause), the Contractor shall be deemed to hold the invention and the patent applications and patents pertaining thereto in trust for the Government. The forfeiture provision of this paragraph (f) shall be in addition to and shall not supersede other rights and remedies which the Government may have with respect to Subject Inventions.

(g) *Examination of records relating to inventions.* (1) The Contracting Officer or his authorized representative until the expiration of 3 years after final payment under this contract shall have the right to examine any books (including laboratory notebooks), records, documents, and other supporting data of the Contractor which the Contracting Officer reasonably deems pertinent to the discovery or

[1] Agency may specify form.

identification of Subject Inventions if the Contractor refuses or the requirements of this clause.

(2) The Contracting Officer shall have the right to review all books (including laboratory notebooks), records and documents of the Contractor relating to the conception or first actual reduction to practice of inventions in the same field of technology as the work under this contract to determine whether any such inventions are Subject Interventions if the Contractor refuses or fails to:

(i) Establish the procedures of paragraph (e)(1) of this clause; or

(ii) Maintain and follow such procedures; or

(iii) Correct or eliminate any material deficiency in the procedures within thirty (30) days after the Contracting Officer notifies the Contractor of such a deficiency.

(h) *Withholding of payment* (*Not applicable to Subcontracts*). (1) Any time before final payment of the amount of this contract, the Contracting Officer may, if he deems such action warranted, withhold payment until a reserve not exceed $50,000 or 5 percent of the amount of this contract, whichever is less, shall have been set aside if in his opinion the Contractor fails to:

(i) Establish, maintain, and follow effective procedures for identifying and disclosing Subject Inventions pursuant to paragraph (e)(1) of this clause; or

(ii) Disclose any Subject Invention pursuant to paragraph (e)(2)(i) of of this clause; or

(iii) Deliver acceptable interim reports pursuant to paragraph (a)(2)(ii) of this clause; or

(iv) Provide the information regarding subcontracts pursuant to paragraph (i)(5) of this clause.

The reserve or balance shall be withheld until the Contracting Officer has determined that the Contractor has rectified whatever deficiencies exist and has delivered all reports, disclosures, and other information required by this clause.

(2) Final payment under this contract shall not be made before the Contractor delivers to the Contracting Officer all disclosures of Subject Inventions required by paragraph (e)(2)(i) of this clause, and an acceptable final report pursuant to (e)(2)(iii) of this clause.

(3) The Contracting Officer may, in his discretion, decrease or increase the sums withheld up to the maximum authorized above. If the Contractor is a nonprofit organization the maximum amount that may be withheld under this paragraph shall not exceed $50,000 or 1 percent of the amount of this contract whichever is less. No amount shall be withheld under this paragraph while the amount specified by this paragraph is being withheld under other provisions of the contract. The withholding of any amount or subsequent payment thereof shall not be construed as a waiver of any rights accruing to the Government under this contract.

(i) *Subcontracts.* (1) For the purpose of this paragraph the term "Contractor" means the party awarding a subcontract and the term "Subcontractor" means the party being awarded a subcontract, regardless of tier.

(2) Unless otherwise authorized or directed by the Government Contracting Officer, the Contractor shall include this Patent Rights clause modified to identify the parties in any subcontract hereunder if a purpose of the subcontract is the conduct of experimental, developmental, or research work. In the event of refusal by a Subcontractor to accept this clause, or if in the opinion of the Contractor this clause is inconsistent with the policy set forth in 41 CFR 1–9.107–3, the Contractor:

(i) Shall promptly submit a written notice to the Government Contracting Officer setting forth reasons for the Subcontractor's refusal and other pertinent information which may expedite disposition of the matter; and

(ii) Shall not proceed with the subcontract without the written authorization of the Government Contracting Officer.

(3) The Contractor shall not, in any subcontract or by using a subcontract as consideration therefor, acquire any rights in his Subcontractor's Subject Invention for his own use (as distinguished from such rights as may be required solely to fulfill his contract obligations to the Government in the performance of this contract).

(4) All invention disclosures, reports, instruments, and other information required to be furnsihed by the Subcontractor to the Government Contracting Officer under the provisions of a Patent Rights clause in any subcontract hereunder may, in the discretion of the Government Contracting Officer, be furnished to the Contractor for transmission to the Government Contracting Officer.

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(5) The Contractor shall promptly notify the Government Contracting Officer in writing upon the award of any subcontract contraining a Patent Rights clause by identifying the Subcontractor, the work to be performed under the subcontract, and the dates of award and estimated completion. Upon request of the Government Contracting Officer, the Contractor shall furnish a copy of the subcontract. If there are no subcontracts containing Patent Rights Clauses, a negative report shall be included in the final report submitted pursuant to paragraph (e)(2)(iii) of this clause.

(6) The Con ractor shall identify all Subject Inventions of the Subcontractor of which he acquires knowledge in the performance of this contract and shall notify the Government Contracting Officer promptly upon the identification of the inventions.

(7) It is understood that the Government is a third party beneficiary of any subcontract clause granting rights to the Government in Subject Inventions, and the Contractor hereby assigns to the Government all rights that he would have to enforce the Subcontractor's obligations for the benefit of the Government with respect to Subject Inventions. The Contractor shall not be obligated to enforce the agreements of any Subcontractor hereunder relating to the obligations of the Subcontractor to the Government in regard to Subject Inventions.

(b) *Patent Rights clause—Retention by the Contractor.* When the agency has determined that a contract falls within § 1–9.107–4(a)(3), the Patent Rights clause in § 1–9.107–5(a) shall be included in the contract, except that the name of the clause shall be changed to "Patent Rights—Retention by the Contractor", paragraph (b) of that clause shall be replaced by the following paragraph (b), and the following paragraphs (j) and (k) shall be added:

(b) *Allocation of principal rights.* (1) The Contractor may retain the entire right, title, and interest throughout the world or in any country thereof in and to each Subject Invention disclosed pursuant to paragraph (e)(2)(i) of this clause, subject to the rights obtained by the Government in paragraph (c) of this clause. The Contractor shall include with each Subject Invention disclosure an election as to whether he will retain the entire right, title, and interest in the invention throughout the world or any country thereof.

(2) Subject to the license specified in paragraph (d) of this clause, the Contractor agrees to convey to the Government, upon request, the entire domestic right, title, and interest in any Subject Invention when the Contractor:

(i) Does not elect under paragraph (b)(1) of this clause to retain such rights; or

(ii) Fails to have a United States patent application filed on the invention in accordance with paragraph (j) of this clause, or decides not to continue prosecution of such application; or

(iii) At any time, no longer desires to retain title.

(3) Subject to the license specified in paragraph (d) of this clause, the Contractor agrees to convey to the Government upon request the entire right, title, and interest in any Subject Invention in any foreign country if the Contractor:

(i) Does not elect under paragraph (b)(1) of this clause to retain such rights in the country; or

(ii) Fails to have a patent application filed in the country on the invention in accordance with paragraph (k) of this clause, or decides not to continue prosecution or to pay any maintenance fees covering the invention. To avoid forfeiture of the patent application or patent, the Contractor shall notify the Contracting Officer not less than 60 days before the expiration period for any action required by the foreign patent office.

(4) A conveyance requested pursuant to paragraph (b)(2) or (3) of this clause shall be made by delivering to the Contracting Officer duly executed instruments (prepared by the Government) and such other papers as are deemed necessary to vest in the Government the entire right, title, and interest to enable the Government to apply for and prosecute patent applications covering the invention in this or the foreign country, respectively, or otherwise establish its ownership of the invention.

(j) *Filing of domestic patent applications.*

(1) With respect to each Subject Invention in which the Contractor elects to retain domestic rights pursuant to paragraph (b) of this caluse, the Contractor shall have a domestic patent application filed within 6 months after submission

of the invention disclosure pursuant to paragraph (e)(2)(i) of this clause or such longer period as may be approved by the Contracting Officer for good cause shown in writing by the Contractor. With respect to the invention, the Contractor shall promptly notify the Contracting Officer of any decision not to file an application.

(2) For each Subject Invention on which a patent application is filed by or on behalf of the Contractor, the Contractor shall:

(i) Within 2 months after the filing or within 2 months after submission of the invention disclosure if the patent application previously has been filed, deliver to the Contracting Officer a copy of the application as filed including the filing date and serial number;

(ii) Include the following statement in the second paragraph of the specification of the application and any patents issued on a Subject Invention, "The Government has rights in this invention pursuant to Contract No. ---------- (or Grant No. ----------) awarded by (identify the agency,";

(iii) Within 6 months after filing the application or within 6 months after submitting the invention disclosure if the application has been filed previously, deliver to the Contracting Officer a duly executed and approved instrument on a form specified by the Government fully confirmatory of all rights to which the Government is entitled, and provide the agency an irrevocable power to inspect and make copies of the patent application filed;

(iv) Provide the Contracting Officer with a copy of the patent within 2 months after a patent is issued on the application; and

(v) Not less than 30 days before the expiration of the response period for any action required by the Patent and Trademark Office, notify the agency of any decision not to continue prosecution of the application and deliver to the agency executed instruments granting the Government a power of attorney.

(3) For each Subject Invention in which the Contractor initially elects not to retain principal domestic rights, the Contractor shall inform the Contracting Officer promptly in writing of the date and identity of any on sale, public use, or publication of the invention which may constitute a statutory bar under 35 U.S.C. 102, which was authorized by or known to the Contractor, or any contemplated action of this nature.

(k) *Filing of foreign patent applications.*

(1) With respect to each Subject Invention in which the Contractor elects to retain principal rights in a foreign country pursuant to paragraph (b)(1) of this clause, the Contractor shall have a patent application filed on the invention in that country, in accordance with applicable statutes and regulations, and within one of the following periods.

(i) Eight months from the date of a corresponding United States application filed by or on behalf of the Contractor; or if such an application is not filed, 6 months from the date the invention is submitted in a disclosure pursuant to paragraph (e)(2)(i) of this clause;

(ii) Six months from the date a license is granted by the Commissioner of Patents and Trademarks to file foreign applications where such filing has been prohibited by security reasons; or

(iii) Such longer period as may be approved by the Contracting Officer.

(2) The Contractor shall notify the Contracting Officer promptly of each foreign application filed and upon written request shall furnish an English version of the foreign application without additional compensation.

(c) *Patent Rights clause—Deferred.* When the agency has determined that a contract falls within § 1–9.107–4(a)(4), the Patent Rights clause in § 1–9.107–5(a) shall be included in the contract, except that the name of the clause shall be changed to "Patent Rights—Deferred" and paragraph (b) of that clause shall be replaced with the following paragraph (b):

(b) *Allocation of principal rights.* (1) *Assignment to the Government.* After a Subject Invention is identified, the Contractor agrees to assign to the Government the entire right, title, and interest therein throughout the world except to the extent that greater rights are retained by the Contractor under paragraphs (b)(2) and (d) of this clause.

(2) *Greater rights determinations.* The Contractor, or the employee-inventor with authorization of the Contractor, may retain greater rights than the nonexclusive

license provided in paragraph (d) of this clause in accordance with the procedure and criteria of 41 CFR 1–9.109–6. A request for a determination of whether the Contractor or the employee-inventor is entitled to retain such greater rights must be submitted to the Contracting Officer at the time of first disclosure of the invention pursuant to paragraph (e)(2)(i) of this clause, or not later than 3 months thereafter or such longer period as may be authorized by the Contracting Officer for good cause shown in writing by the Contractor. The information to be submitted for a greater rights determination is specified in 41 CFR 1–9.9.109–6. Each determination of greater rights under this contract normally shall be subject to paragraph (c) of this clause and to the reservations and conditions deemed to be appropriate by the agency.

(d) *License rights of States and municipal governments.*

(1) When the agency head or his duly authorized designee determines at the time of contracting that it would not be in the public interest to acquire a paid-up license in inventions made in the course of or under the contract for States and domestic municipal governments, paragraph (c)(1) of the Patent Rights clauses in § 1–9.107–5 shall be replaced with the following paragraph (c)(1):

(1) Hereby grants to the Government a nonexclusive, nontransferable, paid-up license to make, use, and sell each Subject Invention throughout the world by or on behalf of the Government of the United States (including any Government agency).

(2) When the agency head or his duly authorized designee decides to reserve the right to make the determination that it would not be in the public interest to acquire a paid-up license in a Subject Invention for States and domestic municipal governments until after the invention has been identified, paragraph (c)(1) of the Patent Rights clauses in § 1–9.107–5 shall be replaced with the following paragraph (c)(1):

(1) Hereby grants to the Government a nonexclusive, nontransferable, paid-up license to make, use and sell each Subject Invention throughout the world by or on behalf of the Government of the United States (including any Government agency), States and domestic municipal governments, unless the agency head determines after the invention has been identified that it would not be in the public interest to acquire the license for States and domestic municipal governments.

(e) *Right to sublicense foreign governments.* (1) When the agency head or his duly authorized designee determines at the time of contracting that it would be in the national interest to acquire the right to sublicense foreign governments pursuant to any treaty or agreement, a sentence shall be added to the end of paragraph (c)(1) of the Patent Rights clauses in § 1–9.107–5 as follows:

This license shall include the right of the Government to sublicense foreign governments pursuant to any treaty or agreement with such foreign governments.

(2) When the agency head wishes to reserve the right to make the determination to sublicense foreign governments pursuant to any treaty or agreement until after the invention has been identified, a sentence shall be added to the end of paragraph (c)(1) of the Patent Rights clauses in § 1–9.107–5 as follows:

This license shall include the right of the Government to sublicense foreign governments pursuant to any treaty or agreement if the agency head determines after the invention has been identified that it would be in the national interest to acquire this right.

(f) *Minimum rights to Contractor (upon request).* When the agency determines that the contractor may reserve a revocable, nonexclusive,

royalty-free license in inventions made in the course of or under the contract, only upon a request by the contractor for the retention of such a license, paragraph (d)(1) of the clauses in § 1–9.107–5 shall be replaced with the following paragraph (d)(1):

(d) *Minimum rights to the Contractor.* (1) The Contractor may reserve upon request a revocable, nonexclusive, royalty-free license in each patent application filed in any country on a Subject Invention and any resulting patent in which the Government acquires title. The license shall extend to the Contractor's domestic subsidiaries and affiliates, if any, within the corporate structure of which the Contractor is a part and shall include the right to grant sublicenses of the same scope to the extent the Contractor was legally obligated to do so at the time the contract was awarded. The license shall be assignable only with approval of the agency except to the successor of that part of the Contractor's business to which the invention pertains.

(g) *Minimum rights to Contractor (irrevocable).* When the agency determines that the contractor may reserve an irrevocable, nonexclusive, royalty-free license in the inventions resulting from the contract, paragraph (d) of the Patent Rights clauses of § 1–9.107–5 shall be replaced with the following paragraph (d):

(d) The Contractor reserves an irrevocable, nonexlcusive, royalty-free license in each patent application filed in any country on a Subject Invention and any resulting patent in which the Government acquires title. The license shall extend to the Contractor's domestic subsidiaries and affiliates, if any, within the corporate structure of which the Contractor is a part and shall include the right to grant sublicenses of the same scope to the extent the Contractor was legally obligated to do so at the time the contract was awarded. This license shall be transferable only with approval of the agency, except when transferred to the successor of that part of the Contractor's business to which the invention pertains.

(h) *Irrevocable license on Subject Inventions previously constructively reduced to practice.* When an agency decides that the contractor may reserve an irrevocable, nonexclusive and royalty-free license for practice in this country of each invention first actually reduced to practice under a contract which was conceived and constructively reduced to practice by the contractor prior to the effective date of execution of the contract, the following paragraph (d)(4) shall be added to paragraph (d) of the Patents Rights clauses in § 1–9.107–5.

(4) In addition to the provisions of paragraph (d)(1) of this clause, the Contractor reserves an irrevocable, nonexclusive, royalty-free license in each patent application filed in any country and any resulting patent on each Subject Invention constructively reduced to practice by the Contractor prior to the effective date of this contract. The license shall extend to the Contractor's domestic subsidiaries and affiliates, if any, withing the corporate structure of which the Contractor is a part and shall include the right to grant sublicenses of the same scope to the extent the Contractor was legally obligated to do so at the time the contract was awarded. The license shall be assignable only with approval by the agency except to the successor of that part of the Contractor's business to which the invention pertains.

(i) *Publication of invention disclosures.* (1) When the agency determines that it is in the best interest of the parties to withhold the release or publication of information in an invention disclosure so that the contractor may file foreign patent applications on the invention, the following sentence shall be added to paragraph (e)(4) of the Patent Rights clauses in § 1–9.107–5 and to paragraph (b)(2) of the Patent Rights clauses in § 1–9.107–6:

If the Contractor is to file a foreign patent application on a Subject Invention, the Government agrees, upon written request of the Contractor, to use its best

efforts to withhold publication of such invention disclosures until a patent application is filed thereon, but in no event shall the Government or its employees be liable for any publication thereof.

(2) When the agency determines to restrict the contractor's publication of invention disclosures prior to the filing of patent applications, the following paragraph should be added as a consecutively numbered paragraph to paragraph (e) of the Patent Rights clauses in § 1–9.107–5 and to paragraph (b)(2) of the Patent Rights clauses in § 1–9.107–6:

( ) In order to protect the patent interest of the Government or the Contractor, the Contractor shall obtain the written approval of the Contracting Officer prior to the release or publication of the information in any Subject Invention disclosure by the Contractor or other parties acting on his behalf.

§ 1–9.107–6 Clauses for domestic contracts (short form).

(a) *Patent Rights clause—Acquisition by the Government.* The following clause may be used instead of the clause of § 1–9.107–5(a) in contracts for basic or applied research with nonprofit organizations other than for the operation of a Government-owned research or production facility.

PATENT RIGHTS—ACQUISITION BY THE GOVERNMENT (SHORT FORM)

(a) *Definitions.*

"Subject Invention" means any invention or discovery of the Contractor conceived or first actually reduced to practice in the course of or under this contract, and includes any art, method, process, machine, manufacture, design, or composition of matter, or any new and useful improvement thereof, or any variety of plant which is or may be patentable under the Patent Laws of the United States of America or any foreign country.

(b) *Invention disclosures and reports.* (1) The Contractor shall furnish the Contracting Officer:

(i) A complete technical disclosure for each Subject Invention, within 6 months after conception or first actual reduction to practice, whichever occurs first in the course of or under the contract, but in any event prior to any on sale, public use, or publication of the invention known to the Contractor. The disclosure shall identify the contract and inventor, and shall be sufficiently complete in technical detail and appropriately illustrated by sketch or diagram to convey to one skilled in the art to which the invention pertains a clear understanding of the nature, purpose, operation, and to the extent known, the physical, chemical, biolgical, or electrical characteristics of the invention;

(ii) Interim reports [1] at least every 12 months from the date of the contract listing Subject Inventions for the period and certifying that all Subject Inventions have been disclosed or that there are no such inventions and

(iii) An acceptable final report [1] within 3 months after completion of the contract work, listing all Subject Inventions or certifying that there were no such inventions.

(2) The Contractor agrees that the Government may duplicate and disclose Subject Invention disclosures and all other reports and papers furnished or required to be furnished pursuant to this clause.

(c) *Allocation of principal rights.* (1) The Contractor agrees to assign to the Government the entire right, title, and interest throughout the world in and to each Subject Invention, except to the extent that rights are retained by the Contractor under paragraphs (c)(2) and (d) of this clause.

(2) The Contractor or the employee-inventor with authorization of the Contractor may retain greater rights than the nonexclusive license provided in paragraph (d) of this clause in accordance with the procedures and criteria of 41 CFR 1–9.109–6. A request for a determination of whether the Contractor or the employee-inventor is entitled to retain such greater rights must be submitted to the Contracting Officer at the time of the first disclosure of the invention pursuant to

[1] Agency may specify a form.

paragraph (b)(1) of this clause, or not later then 3 months thereafter or such longer period as may be authorized by the Contracting Officer for good cause shown in writing by the Contractor. The information to be submitted for a greater rights determination is specified in 41 CFR 1–9.109–6. Each determination of greater rights under this contract shall be subject to the provisions of paragraph (c) "Minimum rights acquired by the Government" of the clause in 41 CFR 1–9.107–5(a), and to the reservations and conditions deemed appropriate by the agency.

(d) *Minimum rights to the Contractor.* The Contractor reserves a revocable, nonexclusive, royalty-free license in each patent application filed in any country on a Subject Invention and any resulting patent in which the Government acquires title. Revocation shall be in accordance with the procedure of the clause in 41 CFR 1–9.107–5(d)(2) and (3).

(e) *Employee and Subcontractor agreements.* Unless otherwise authorized in writing by the Contracting Officer, the Contractor shall:

(1) Obtain patent agreements to effectuate the provisions of this clause from all persons who perform any part of the work under this contract except nontechnical personnel, such as clerical employees and manual laborers;

(2) Insert in each subcontract having experimental, developmental, or research work as one of its purposes provisions making this clause applicable to the Subcontractor and his employees; and

(3) Promptly notify the Contracting Officer of the award of any such subcontract by providing him with a copy of the subcontract and any amendments thereto.

(b) *Patent Rights clause—Deferred (short form).* This clause may be used instead of the clause of § 1–9.107–5(c) in contracts for basic or applied research with nonprofit organizations. When the agency determines that a contract falls within § 1–9.107–3(c) and that a short form Patent Rights clause is to be used pursuant to § 1–9.107–4(a)(5), the Patent Rights clause set forth in § 1–9.107–6(a) shall be included in the contract except that the name of the clause shall be changed to "Patent Rights—Deferred (short form)"; and paragraph (c)(1) of that clause shall be replaced by the following paragraph (c)(1):

(1) After a Subject Invention is identified, the Contractor agrees to assign to the Government the entire right, title, and interest therein throughout the world except to the extent that rights are retained by the Contractor under paragraphs (c)(2) and (d) of this clause.

§ 1–9.107–7 Clause for foreign contracts.

A Patent Rights clause shall be included in every contract having as one of its purposes the conduct of experimental, developmental, or research work which is to be performed outside the United States, its possessions, or Puerto Rico. The clauses authorized for domestic contracts in §§ 1–9.107–5 and 1–9.107–6 may be used or replaced by any other clause tailored to meet the requirements peculiar to the foreign procurement.

§ 1–9.108 [Reserved]

§ 1–9.109 Administration of Patent Rights clauses.

§ 1–9.109–1 Patent rights follow-up.

It is important that the Government and the contractor know and exercise their rights in inventions conceived or actually reduced to practice in the course of or under Government contracts in order to ensure their expeditious availability to the public, to enable the Government, the contractor, and the public to avoid unnecessary payment of royalties, and to defend themselves against claims and

suits for patent infringement. To attain these ends, contracts having Patent Rights clauses should be so administered that:

(1) Inventions are identified, disclosed, and reported as required by the contract clauses;

(2) The rights of the Government in such inventions are established;

(3) When appropriate, patent applications are timely filed and prosecuted by contractors or by the Government;

(4) The filing of patent applications is documented by formal instruments such as licenses or assignments; and

(5) Expeditious commercial utilization of such inventions is achieved.

§ 1–9.109–2 Follow-up by contractor.

Each contractor shall establish and maintain effective procedures to ensure that inventions made under the contract are identified, disclosed, and when appropriate, patent applications filed, and that the Government's rights therein are established and protected. When it is determined after the award of a contract that the contractor or subcontractor may not have a clear understanding of the rights and obligations of the parties under a Patent Rights clause, a post-award orientation conference or letter should be used by the Government to explain these rights and obligations. When reviewing a contractor's procedures, particular attention shall be given to ascertaining their effectiveness for identifying and disclosing inventions.

§ 1–9.109–3 Follow-up by Government.

Each Government agency shall undertake to ensure compliance by the contractor with the obligations of the Patent Rights clause of the contract. This effort should be directed primarily toward contracts and subcontracts about which there is reason to believe the contractors may not be complying with their contractual obligations. Other contracts and subcontracts should be spotchecked when feasible. These follow-up activities may include:

(1) Reviewing technical reports submitted by the contractor;

(2) Checking sources for patents issued to the contractor in fields related to this Government contracts;

(3) Interviewing contractor personnel regarding work under the contract, observing the work on site, and inspecting laboratory notebooks and other records of the contractor related to work under the contract; and

(4) Interviewing agency technical (SIC)
ments in contracts under their cognizance.

§ 1–9.109–4 Remedies.

If the contractor operating under the Patent Rights clauses of § 1–9.107–5 fails to establish, maintain, or follow effective procedures for identifying and disclosing inventions as required by the Patent Rights clause or fails to correct any deficiency after notice thereof, the contracting officer may require the contractor to make available for examination books, records and documents relating to inventions in the same field of technology as the contract to enable an agency determination of whether there are such inventions, and may invoke the withholding of payments provision. Further, the contracting officer may invoke the withholding of payments provision if the contracts fails to disclose an invention deemed by the agency to be a Subject Invention.

§ 1–9.109–5 Conveyance of invention rights acquired by the Government.

(a) Where the Government acquires the entire right, title, and interest in an invention pursuant to a contract, assignments are required from the inventor to the contractor and from the contractor to the Government, or from the inventor to the Government with the consent of the contractor, to establish clearly the chain of title from the inventor to the Government. The form of conveyance of title from the inventor to the contractor must be legally sufficient to convey the rights the contractor is required to convey to the Government. The optional form of assignment set forth hereinafter provides the complete chain of title in a single instrument and may be used to convey title to the Government. Alternatively, if separate assignments are used, both documents shall be forwarded simultaneously to the agency for recording.

ASSIGNMENT

Inventor(s): _____
Contractor: _____
Contracting Government Agency: _____
Contract No.: _____
Application Title: _____
Contractor's Invention Docket No.: _____
Agency Invention Docket No.: _____
Serial No.: _____ Filing Date: _____
Date(s) Inventor(s) Executed Oath: _____

The undersigned Inventor(s), in recognition of his (their) obligation as employee(s) of the Contractor to assign inventions to the Contractor, and pursuant to the obligations of the Contractor to the Government under the above contract hereby assigns (assign) to the United States of America, as represented by the above-identified agency, the entire right, title, and interest in and to each invention disclosed and claimed in the above U.S. patent application and any substitution, division, continuation-in-part, or continuation of such patent application and any application for reissue of any patent resulting from such patent application, subject to the reservation of the following license, if any, to the Contractor.

The license reserved to the Contractor shall extend to the Contractor's domestic subsidiaries and affiliates, if any, within the corporate structure of which the Contractor is a part and shall include the right to grant sublicenses of the same scope to the extent the Contractor was legally obligated to do so at the time the contract was awarded. The license shall be transferable only with approval of the agency except when transferred to the successor of that part of the Contractor's business to which such invention pertains.

The Inventor(s) further agrees (agree) to assist the Contractor and the Government upon request by furnishing any available information and documents, performing all acts, and doing all things which may be reasonably necessary to make this assignment effective.

The Contractor joins in and agrees to this assignment and except for the above reservation of a license, if any, relinquishes and assigns the entire right, title, and interest in and to such inventions, and further agrees to furnish to the Government upon request any available information and documents necessary for the prosecution of the above-identified application for patent.

Signed this_____days of_____, 19___.
[SEAL]_____
(Inventor)
Attest: _____
Repeat above for each inventor.
Signed this_____day of_____, 19___.
_____
(Contractor's Official and Title)
Attest: _____
Accepted and agreed to on behalf of the Government
_____
(Agency Official)
_____
(Date)

(b) When the clause of § 1–9.107–5(b) is included in a contract or when a party retains title to an identified invention and the right to file a patent application pursuant to a greater rights determination of § 1–9.109–6, the optional form of confirmatory Instrument set forth hereinafter is approved for use by the contractor or by the party retaining title.

CONFIRMATORY INSTRUMENT

(License to the Government)

Application for: _____
(Title of invention)

Inventor(s): _____

Serial No.: _____ Contract No.: _____

Filing Date: _____ Contractor: _____

The invention identified above is a "Subject Invention" under Patent Rights clause, _____
(identify clause)

(_____) included in Contract No. _____
(date)

with _____
(specify agency)

This document is confirmatory of the paid-up license granted to the Government in this invention, patent application, and any resulting patent, and all other rights acquired by the Government under the referenced contract.

It is understood and agreed that this document does not preclude the Government from asserting rights under the provisions of said contract or of any other agreement between the Government and the Contractor, or any other rights of the Government with respect to the above-identified invention.

The Government is hereby granted an irrevocable power to inspect and make copies of the above-identified patent application.

Signed this _____ day of _____, 19_____.

[SEAL] _____
Applicant or Assignee (Recorded)

By _____

ATTEST: _____

_____
Business Address

(c) Assignments, licenses, confirmatory instruments, and other papers evidencing any rights of the Government in patents or patent applications shall be recorded in the Statutory Register and/or documented in the Governmental Register maintained by the U.S. Patent and Trademark Office pursuant to Executive Order 9424, February 18, 1944. Such documents shall be sent to the Commissioner of Patents and Trademarks, Attention: Assignment Branch, Washington, DC 20231, and when the document is to be recorded in the Statutory Register, shall be accompanied by the required fee. When the document is recorded in the Statutory Register, the Patent and Trademark Office places a copy of this recording in the Governmental Register. If the agency does not have the document recorded in the Statutory Register, it shall send two copies of the document to the Commissioner of Patents and Trademarks and request that these documents be filed in a designated section of the Governmental Register. The Governmental Register contains several sections including a secret, departmental, and public section. The secret section is for applications bearing a security classification; the departmental section is for documents which are available to the Government and to the public only upon approval of the Government agency; and the public section permits access to the public.

§ 1–9.109–6 Retention of greater rights.

(a) *Request for the retention of greater domestic rights.* A contractor's request for a determination that he retain greater domestic rights in an identified invention under the patent Rights clauses of § 1–9.107–5 (a) or (c) or § 1–9.107–6 shall be submitted in writing to the agency.

(1) The request shall contain the following information:

(i) The prime contract number and the subcontract number, if applicable, under which the invention was made and an identification of the agency's contracting office;

(ii) A brief description of the invention or a copy of the invention disclosure;

(iii) The nature and extent of the rights desired;

(iv) A description of the development, risk capital and expense, and time required to bring the invention to the point of practical application;

(v) A statement of the contractor's plans and intentions to bring the invention to the point of practical application including:

(A) If further development and marketing are to be conducted by the contractor, a description of the facilities, personnel, and marketing outlets available for that purpose, and the extent to which such development is to be undertaken by the contractor or others on his behalf and/or;

(B) If licensing of the invention is intended, a brief description of the contractor's licensing program; and

(vi) A statement, where the invention falls within § 1–9.107–3(a), of the contractor's contribution when the contention is made that the Government's contribution to the invention is small compared to his contribution.

(2) Agencies may request additional information which would facilitate a determination that greater rights should be retained by the contractor. Illustrations of such items of information include the following:

(i) The relationship of the invention to a principal purpose of the contract;

(ii) Any facts or information known to the contractor about whether the invention is intended to be developed by the Government for commercial use or is to be required for such use by governmental regulation;

(iii) The relationship, if any, of the invention to the public health, safety, or welfare; and

(iv) The field of science and technology of the invention and whether the Government has been the principal developer of this field.

(3) The contractor's employee(s) who made an invention in the course of or under a contract may also request, with proper authorization from his employer, a determination that he retain greater rights whenever the contract so provides. A copy of the authorization of the contractor-employer should be submitted with the employee-inventor's request for such a determination. In submitting the information required for a determination for the retention of greater rights as provided in § 1–9.9.109–6(a)(1), and in applying the other provisions of this paragraph, the term contractor shall be understood to also mean the employee-inventor.

(b) *Reimbursement of costs for filing patent applications.* In order to protect the interest of the Government and the party submitting a request for a determination that greater rights be retained, the filing of a United States patent application prior to the agency's determination is permissible. If an application on a Subject Invention is filed during the pendency of the determination, or within 60 days prior to the receipt of a request by the agency, the agency shall reimburse the party filing the application for the reasonable filing costs and for any patent prosecution as may have occurred as provided by § 1–15.205–26 or § 1–15.309–22. Whenever such costs are not covered by § 1–15.205–26 or § 1–15.309–22, the agency may nevertheless reimburse the party causing the application to be filed for the reasonable costs of such filing and for any patent prosecution that may have occurred, subject to the availability of funds, provided:

(1) The agency determines that the party is not entitled to the retention of greater rights which are coextensive with the party's request; and

(2) Prior to reimbursement the party requesting such determination assigns the application to a Government agency and the agency accepts the assignment of the application.

(c) *Agency consideration.* The agency shall consider each request for a determination for the retention of greater domestic rights which was submitted within the period specified in the Patent Rights clause and shall make the determination in accordance with the criteria set out in paragraphs (d) or (e) of this section, as applicable.

(d) *Criteria for a determination for the retention of greater rights—Acquisition by the Government clause.* When the request for a determination for the retention of greater rights relates to an invention reported under the Patent Rights clause of § 1–9.107–5(a) or § 1–9.107–6(a):

(1) The requesting party may retain greater rights regardless of whether the invention is or is not directly related to a principal purpose of the contract when the agency finds that the invention comes within the criteria of § 1–9.107–3(a) (1) through (4); and

(i) The retention of greater rights is a necessary incentive to call forth private risk capital and expenses to bring the invention to the point of practical application; or

(ii) The Government's contribution to the invention is small compared to that of the contractor.

(2) The requesting party also may retain greater rights when the agency finds that:

(i) The invention is not directly related to a principal purpose of the contract and does not come within the criteria of § 1–9.107–3(a) (1) through (4); and

(ii) The likelihood is that the invention will be more expeditiously developed to the point of practical application by the intions and plans of the requesting party than by the activities of the Government.

(e) *Criteria for a determination for the retention of greater rights—Deferred clause.* When the request for a determination for the retention of greater rights relates to an invention reported under the Patent Rights clause of § 1–9.107–5(c) or § 1–9.107–6(b),

(1) The requesting party may retain greater rights where the agency finds:

(i) The invention does not come within the criteria of § 1–9.107–3(a) (1) through (4); and

(ii) The likelihood is that the invention will be more expeditiously developed to the point of practical application by the intentions and plans of the requesting party than by the activities of the Government.

(2) The requesting party may retain greater rights when an agency finds that the invention comes within the critieria of § 1–9.1073(a) (1) through (4); and

(i) The retention of greater rights is a necessary incentive to call forth risk capital and expense to bring the invention to the point of practical application; or

(ii) The Government's contribution to the invention is small compared to that of the contractor.

(f) *Agency determination—Domestic rights.* (1) The agency shall notify the party requesting a determination for the retention of greater rights of its decision. If the agency's determination is not co-extensive with the party's request, the agency shall inform the party of the reasons on which the final actions is based.

(2) Where the determination provides for the requesting party to retain title, the determination shall require that a domestic patent application be filed on the invention by the requesting party, and the following provisions shall apply:

(i) The application shall be filed within 6 months from the date of the determination, or such longer period as may be authorized in writing by the agency for good cause shown in writing by the requesting party;

(ii) For each patent application filed, the party shall:

(A) Within 2 months after such filing or within 2 months after the date of a determination if such patent application previously has been filed, deliver to the agency a copy of the application as filed, including the filing date and serial number;

(B) Include the following statement in the second paragraph of the specification of the application and any resulting patent: "The Government has rights in this invention pursuant to Contract No. _____ (or Grant No. _____) awarded by (identify the agency).";

(C) Within 6 months after such filing, or within 6 months after submission of the invention disclosure if the patent application has been previously filed, deliver to the agency a duly executed and approved instrument prepared by the Government fully confirmatory of all the rights to which the Government is entitled, and provide the agency an irrevocable power to inspect and make copies of the patent application filed;

(D) Provide the agency with a copy of the patent within 2 months after a patent is issued on the application; and

(E) Not less than 30 days before the expiration of the response period for any action required by the Patent and

Trademark office, notify the agency of any decision not to continue prosecution of the application and deliver to the agency executed instruments granting the Government a power of attorney to prosecute the application; and

(iii) If the requesting party fails to file an application within the prescribed time periods, decides not to continue prosecution of the application, or no longer desires to retain title, he shall convey to the Government, upon request, his entire right, title, and interest in the invention, and to any corresponding patent application or patent. The conveyance shall be made by delivering to the agency duly executed instruments (prepared by the Government) and, if applicable, such other papers as are deemed necessary to vest in the Government the entire right, title, and interest in the invention and any corresponding patent application, and to enable the Government to prosecute the application.

(3) Where the determination provides for the requesting party to retain title, the determination shall be subject to a license to the Government, and the licensing and the commercial use reporting requirements of paragraph (c) "Minimum rights acquired by the Government," of the Patent Rights clauses of § 1–9.107–5. The determination normally shall also be subject to any other reservation or condition deemed to be appropriate by the agency.

(g) *Agency determination—Foreign rights.* (1) A contractor's request for a determination that he retain greater foreign rights in an invention under the Patent Rights clauses of either § 1–9.107–5 (a) or (c) or § 1–9.107–6 (a) or (b) may accompany a request for a determination that he retain greater domestic rights under § 1–9.109–6(a), or may be submitted independently thereof. The request shall contain the following information:

(i) The prime contract number and the subcontract number, if applicable, under which the invention was made and an identification of the agency's contracting office;

(ii) A brief description of the invention or a copy of the invention disclosure;

(iii) The countries in which the requesting party intends to file a patent application; and

(iv) Other information required by the agency.

(2) If the Government determines not to file a patent application on a Subject Invention of the contractor in any foreign country, the agency may authorize the requesting party to file a patent application on the invention in such foreign country and to retain the entire right, title, and interest therein if it determines such authorization to be in the public interest, subject to the license to the Government provided in paragraph (c) of the Patent Rights clause in § 1–9.107–5(a) or § 1–9.107–6(a).

(3) Where the determination includes a requirement that the requesting party file and prosecute a foreign patent application on the invention, the following provisions shall apply:

(i) The requesting party shall file and prosecute a patent application on the invention in (identify the foreign countries) in accordance with applicable statutes and regulations and within one of the following periods:

(A) Eight months from the date the corresponding United States patent application is filed by or on behalf of the requesting party; or if such an application is not filed, 6 months from the date of this agreement;

(B) Six months from the date a license is granted by the Commissioner of Patents and Trademarks to file foreign applications where such filing has been prohibited by security reasons; or

(C) Such longer period as may be approved by the agency;

(ii) The requesting party shall notify the agency promptly of each foreign application filed and upon written request of the agency shall furnish an English version of the foreign application without additional compensation; and

(iii) If the requesting party files or causes to be filed a patent application on a Subject Invention in any foreign country, or if a patent is obtained on such application, the party shall notify the agency, not less than 60 days before the expiration period for any action required by the foreign patent office, of any decision not to continue prosecution of the application or not to pay any maintenance fee covering the invention, and within such period shall deliver to the agency;

(A) Executed instruments granting to the Government power of attorney in the application;

(B) An English version of the application, if not previously provided, to the agency; and

(C) Upon request, a conveyance of the party's entire right, title, and interest in the invention in the foreign country, and to any corresponding patent application.

(Sec. 205(c), 63 Stat. 390; 40 U.S.C. 486(c))

EXPLANATION OF CHANGES

[The regulation includes an extensive section of changes to other parts of the Federal Regulations. They are in Committee files.]

Effective date. This amendment is effective June 9, 1975, but may be observed earlier.

Dated: May 1, 1975.

ARTHUR F. SAMPSON,
Administrator of General Services.

[FR Doc. 75-11886 Filed 5-6-75; 8:45 am]

Title 41—Public Contracts and Property Management

CHAPTER 101—FEDERAL PROPERTY MANAGEMENT REGULATIONS

SUBCHAPTER A—GENERAL

[FPMR Amdt. A—18]

PART 101–4—PATENTS

SUBPART 101–4.1—LICENSING OF GOVERNMENT-OWNED INVENTIONS

LICENSE LIMITATION

This change incorporates a phrase in § 101–4.103–3(c)(6) which was inadvertently omitted from the regulation when it was originally published on February 5, 1973.

Section 101–4.103–3 is amended by changing paragraph (c)(6) to read as follows:

§101–4.103–3 Limited exclusive license.

* * * * * * *

(c) * * *

(6) The license shall be subject to the irrevocable royalty-free right of the Government of the United States to practice and have practiced the invention by or on behalf of the Government of the United States and on behalf of any foreign government or intergovernmental organization pursuant to any existing or future treaty or agreement with the United States.

* * * * * * *

(Sec. 205(c), 63 Stat. 390, 40 U.S.C. 486(c); sec. 2, Presidential Statement of Government Patent Policy, Aug. 23, 1971.)

Effective date—This regulation is effective on June 13, 1973.

Dated June 7, 1973.

ARTHUR F. SAMPSON,
Acting Administrator of General Services.

[FR Doc. 73–11747 Filed 6–12–73; 8:45 am]

[This document is included to provide reference for the subsequent notation of its content.]

General Services Administration

[FPMR Temporary Reg. A–10, Supplement 1]

Government-Owned Inventions

LICENSING

1. *Purpose.* This supplement terminates the suspension of the effective date imposed by FPMR Temporary Regulation A–10.

2. *Effective date.* This supplement is effective October 1, 1975.

3. *Expiration date.* This supplement expires October 31, 1975.

4. *Background.* FPMR Amendment A–16, January 29, 1973 (38 F. R. 3328, February 5, 1973), added a new Part 101–4, Patents, and a new Subpart 101–4.1, Licensing of Government-owned Inventions. The subpart prescribes the terms, conditions, and proprocedures for the licensing of rights in domestic patents and patent applications vested in the United States of America, and for dedication of Government-owned inventions by a Government agency. On January 17, 1974, the U.S. District Court for the District of Columbia issued an order which directed that immediate steps be taken to void the regulations. FPMR Temporary Regulation A–10, February 12, 1974, which suspended the provisions of Sub-part 101–4.1, was issued to comply with the Court's order. To facilitate the processing of an appeal, FPMR Amendment A–20, July 30, 1974 (39 F.R. 28283, August 6, 1974), was issued but was not made effective. The Court's order was appealed in the U.S. Court of Appeals for the District of Columbia Circuit, and on June 16, 1975, that Court reversed the judgment of the District Court based on the opinion that the appellees are without standing. It is now appropriate and desirable to eliminate the suspension of the provisions of Subpart 101–4.1 and to provide an effective date for those provisions.

5. *Agency action.* The provisions of Subpart 101–4.1 are no longer suspended. Agencies may issue licenses pursuant to the provisions of the subpart.

6. *Effect on other issuances.*

a. FPMR Temporary Regulation A–10 is canceled October 31, 1975; however, the suspension set forth in the regulation is terminated.

b. FPMR Amendments A–16 and A–20 are effective October 1, 1975.

Arthur F. Sampson,
Administrator of General Services.

October 1, 1975.

[FR Doc.75–27441 Filed 10–10–75;8:45 am]

Part C—Executive Orders

Two Executive Orders relating to patent policy were issued by President Truman. The first concerns the filing for patents when inventions arise out of scientific and technical research carried on by or for the Government. The second deals more specifically with the problem of a uniform patent policy when inventions are made by government employees.

Executive Order 9865

(Code of Federal Regulations, Title 3—The President, 1943–48. Compilation, pp. 651–652.)

(As amended by sec. 5 of Executive Order 10096) [1]

PROVIDING FOR THE PROTECTION ABROAD OF INVENTIONS RESULTING FROM RESEARCH FINANCED BY THE GOVERNMENT

Whereas the Government of the United States now has and will hereafter acquire title to, or the right to file foreign patent applications for, numerous inventions arising out of scientific and technical research carried on by or for the Government; and

Whereas it is in the interest of the United States to acquire patent protection abroad on certain inventions resulting from Government-financed research; and

Whereas it is in the interest of the Government to foster, promote, and develop the foreign commerce of the United States:

Now, therefore, by virtue of the authority vested in me as President of the United States by the Constitution and statutes, and as Commander in Chief of the Army and Navy, and in the interest of the foreign affairs functions of the United States and the internal management of the Government, it is hereby ordered as follows:

1. All Government departments and agencies shall, whenever practicable, acquire the right to file foreign patent applications on inventions resulting from research conducted or financed by the Government.

2. All Government departments and agencies which have or may hereafter acquire title to inventions, or the right to file patent applications abroad thereon, shall fully and continuously inform the [De-

[1] Sec. 5 of Executive Order 10096:

"5. The functions and duties of the Secretary of Commerce and the Department of Commerce under the provisions of Executive Order No. 9865 of June 14, 1947, are hereby transferred to the Chairman and the whole or any part of such functions and duties may be delegated by him to any Government agency or officer: *Provided,* That said Executive Order No. 9865 shall not be deemed to be amended or affected by any provision of this Executive order other than this paragraph 5.

* * * * * * *

"Harry S. Truman.

"The White House, *January 23, 1950.*"

partment of Commerce] *Chairman of the Government Patents Board* concerning such inventions, except as provided in section 6 hereof, and shall make recommendations to the [Department of Commerce] *Chairman of the Government Patents Board* as to which of such inventions should receive patent protection by the United States abroad and the foreign jurisdictions in which such patent protection should be sought. The recommendations of such departments and agencies shall indicate the immediate or future industrial, commercial or other value of the invention concerned, including its value to public health.

3. The [Department of Commerce] *Chairman of the Government Patents Board* shall determine whether, and in what foreign jurisdictions, the United States should seek patents for such inventions and to the extent of appropriations available therefor, shall procure patent protection for such inventions, taking all action, consistent with existing law, necessary to acquire and maintain patent rights abroad. Such determinations of the [said Department] *Chairman of the Government Patents Board* shall be made after full consultation, with United States industry and commerce, with the Department of State, and with other Government agencies familiar with the technical, scientific, industrial, commercial or other economic or social factors affecting the invention involved, and after consideration of the availability of valid patent protection in the countries determined to be immediate or potential markets for, or producers of, products, processes, or services covered by or relating to the invention.

4. The [Department of Commerce] *Chairman of the Government Patents Board* shall administer foreign patents acquired by the United States under the terms of this order and shall issue licenses thereunder in accordance with law under such rules and regulations as the [Secretary of Commerce] *Chairman of the Government Patents Board* shall prescribe. Nationals of the United States shall be granted licenses on a nonexclusive royalty-free basis except in such cases as the [Secretary] *Chairman* shall determine and proclaim it to be inconsistent with the public interest to issue such licenses on a nonexclusive royalty-free basis.

5. The Department of State, in consultation with the [Department of Commerce] *Chairman of the Government Patents Board*, shall negotiate arrangements among governments under which each government and its nationals shall have access to the foreign patents of the other participating governments. Patents relating to matters of public health may be licensed by the [Secretary of Commerce] *Chairman of the Government Patents Board*, with the approval of the Secretary of State, to any country or its national upon such terms and conditions as are in accordance with law and as the [Secretary of Commerce] *Chairman of the Government Patents Board* determines to be appropriate, regardless of whether such country is a party to the arrangements provided for in this section.

6. There shall be exempted from the provisions of this order (*a*) all inventions within the jurisdiction of the Atomic Energy Commission except in such cases as the said Commissions specifically authorizes the inclusion of an invention under the terms of this order; and (*b*) all other inventions officially classified as secret or confidential for reasons of the national security. Nothing in this order shall supersede the

declassification policies and procedures established by Executive Orders Nos. 9568 of June 8, 1945, 9604 of August 25, 1945, and 9809 of December 12, 1946.

HARRY S. TRUMAN.

THE WHITE HOUSE, *June 14, 1947.*

EXECUTIVE ORDER 10096

(Code of Federal Regulations, Title 3—The President, 1949–53. Compilation on pp. 292–294.)

PROVIDING FOR A UNIFORM PATENT POLICY FOR THE GOVERNMENT WITH RESPECT TO INVENTIONS MADE BY GOVERNMENT EMPLOYEES AND FOR THE ADMINISTRATION OF SUCH POLICY

Whereas inventive advances in scientific and technological fields frequently result from governmental activities carried on by Government employees; and

Whereas the Government of the United States is expending large sums of money annually for the conduct of these activities; and

Whereas these advances constitute a vast national resource; and

Whereas it is fitting and proper that the inventive product of functions of the Government, carried out by Government employees, should be available to the Government; and

Whereas the rights of Government employees in their inventions should be recognized in appropriate instances; and

Whereas the carrying out of the policy of this order requires appropriate administrative arrangements:

Now, therefore, by virtue of the authority vested in me by the Constitution and statutes, and as President of the United States and Commander in Chief of the armed forces of the United States, in the interest of the establishment and operation of a uniform patent policy for the Government with respect to inventions made by Government employees, it is hereby ordered as follows:

1. The following basic policy is established for all Government agencies with respect to inventions hereafter made by any Government employee:

(*a*) The Government shall obtain the entire right, title, and interest in and to all inventions made by any Government employee (1) during working hours, or (2) with a contribution by the Government of facilities, equipment, materials, funds, or information, or of time or services of other Government employees on official duty, or (3) which bear a direct relation to or are made in consequence of the official duties of the inventor.

(*b*) In any case where the contribution of the Government, as measured by any one or more of the criteria set forth in paragraph (*a*) last above, to the invention is insufficient equitably to justify a requirement of assignment to the Government of the entire right, title and interest to such invention, or in any case where the Government has insufficient interest in an invention to obtain entire right, title and interest therein (although the Government could obtain same

under par. (*a*), above), the Government agency concerned subject to the approval of the Chairman of the Government Patents Board (provided for in par. 3 of this order and hereinafter referred to as the Chairman), shall leave title to such invention in the employee, subject, however, to the reservation to the Government of a nonexclusive, irrevocable, royalty-free license in the invention with power to grant licenses for all governmental purposes, such reservation, in the terms thereof, to appear where practicable, in any patent, domestic or foreign, which may issue on such invention.

(*c*) In applying the provisions of paragraphs (*a*) and (*b*), above, to the facts and circumstances relating to the making of any particular invention, it shall be presumed that an invention made by an employee who is employed or assigned (i) to invent or improve or perfect any art, machine, manufacture, or composition of matter (ii) to conduct or perform research, development work, or both, (iii) to supervise, direct, coordinate, or review Government financed or conducted research, development work, or both, or (iv) to act in a liaison capacity among governmental or nongovernmental agencies or individuals engaged in such work, or made by an employee included within any other category of employees specified by regulations issued pursuant to section 4(*b*) hereof, falls within the provisions of paragraph (*a*), above, and it shall be presumed that any invention made by any other employee falls within the provisions of paragraph (*b*), above. Either presumption may be rebutted by the facts or circumstances attendant upon the conditions under which any particular, invention is made and, notwithstanding the foregoing, shall not preclude a determination that the invention falls within the provisions of paragraph (*d*) next below.

(*d*) In any case wherein the Government neither (1) pursuant to the provision of paragraph (*a*) above, obtains entire right, title, and interest in and to an invention nor (2) pursuant to the provisions of paragraph (*b*) above, reserves a nonexclusive, irrevocable, royalty-free license in the invention with power to grant licenses for all governmental purposes, the Government shall leave the entire right, title, and interest in and to the invention in the Government employee subject to law.

(*e*) Actions taken, and rights acquired, under the foregoing provisions of this section, shall be reported to the Chairman in accordance with procedures established by him.

2. Subject to considerations of national security, or public health, safety or welfare, the following basic policy is established for the collection, and dissemination to the public, of information concerning inventions resulting from Government research and development activities:

(*a*) When an invention is made under circumstances defined in paragraph 1(*a*) of this order giving the United States the right to title thereto, the Government agency concerned shall either prepare and file an application for patent therefor in the United States Patent Office or make a full disclosure of the invention promptly to the Chairman, who may, if he determines the Government interest so requires, cause application for patent to be filed or cause the invention to be fully disclosed by publication thereof: *Provided, however,* That, consistent with present practice of the Department of Agriculture, no application for patent shall, without the approval of the Secretary of

Agriculture, be filed in respect of any variety of plant invented by any employee of that Department.

(*b*) Under arrangements made and policies adopted by the Chairman, all inventions or rights therein, including licenses, owned or controlled by the United States or any Government agency shall be indexed, and copies, summaries, analyses, and abstracts thereof shall be maintained and made available to all Government agencies and to public libraries, universities, trade associations, scientists and scientific groups, industrial and commercial organizations, and all other interested groups of persons.

3. (*a*) A Government Patents Board is established consisting of a Chairman of the Government Patents Board, who shall be appointed by the President, and of one representative from each of the following:

Department of Agriculture.
Department of Commerce.
Department of the Interior.
Department of Justice.
Department of State.
Department of Defense.
Civil Service Commission.
Federal Security Agency.
National Advisory Committee for Aeronautics.
General Services Administration.

Each such representative, together with an alternate, shall be designated by the head of the agency concerned.

(*b*) The Government Patents Board shall advise and confer with the Chairman concerning the operation of those aspects of the Government's patent policy which are affected by the provisions of this order or of Executive Order No. 9865, and suggest modifications or improvements where necessary.

(*c*) Consonant with law, the agencies referred to in paragraph 3(*a*) hereof shall as may be necessary for the purpose of effectuating this order furnish assistance to the Board in accordance with section 214 of the Independent Offices Appropriation Act, 1946, (59 Stat. 134; 31 U.S.C. 691). The Department of Commerce shall provide necessary office accommodations and facilities for the use of the Board and the Chairman.

(*d*) The Chairman shall establish such committees and other working groups as may be required to advise or assist him in the performance of any of his functions.

(*e*) The Chairman of the Government Patents Board and the Chairman of the Interdepartmental Committee on Scientific Research and Development (provided for by Executive Order No. 9912 of December 24, 1947) shall establish and maintain such mutual consultation as will effect the proper coordination of affairs of common concern.

4. With a view to obtaining uniform application of the policies set out in this order and uniform operations thereunder, the Chairman is authorized and directed:

(*a*) To consult and advise with Government agencies concerning the application and operation of the policies outlined herein;

(*b*) After consultation with the Government Patents Board, to formulate and submit to the President for approval such proposed rules and regulations as may be necessary or desirable to implement and effectuate the aforesaid policies, together with the recommendations of the Government Patents Board thereon;

(*c*) To submit annually a report to the President concerning the operation of such policies, and from time to time such recommendations for modification therof as may be deemed desirable;

(*d*) To determine with finality any controversies or disputes between any Government agency and its employees, to the extent submitted by any party to the dispute, concerning the ownership of inventions made by such employees or rights therein; and

(*e*) To perform such other or further functions or duties as may from time to time be prescribed by the President or by statute.

5. The functions and duties of the Secretary of Commerce and the Department of Commerce under the provisions of Executive Order No. 9865 of June 14, 1974, are hereby transferred to the Chairman and the whole or any part of such functions and duties may be delegated by him to any Government agency or officer: *Provided*, That said Executive Order No. 9865 shall not be deemed to be amended or affected by any provision of this Executive Order other than this paragraph 5.

6. Each Government agency shall take all steps appropriate to effecuate this order, including the promulgation of necessary regulations which shall not be inconsistent with this order or with regulations issued pursuant to paragraph 4(*b*) hereof.

7. As used in this Executive order, the next stated terms, in singular and plural, are defined as follows for the purposes hereof:

(*a*) "Government agency" includes any executive department and any independent commission, board, office, agency, authority, or other establishment of the Executive Branch of the Government of the United States (including any such independent regulatory commission or board, any such wholly owned corporation, and the Smithsonian Institution), but excludes the Atomic Energy Commission.

(*b*) "Government employee" includes any officer or employee, civilian or military, of any Government agency, except such part-time consultants or employees as may be excluded by regulations promulgated pursuant to paragraph 4(*b*) hereof.

(*c*) "Invention" includes any art, machine, manufacture, design, or composition of matter, or any new and useful improvement thereof, or any variety of plant, which is or may be patentable under the patent laws of the United States.

HARRY S. TRUMAN.

THE WHITE HOUSE, *January 23, 1950.*

EXECUTIVE ORDER 10930

[Code of Federal Regulations, Title 3—The President, 1959–1963. Compilation, p. 456.]

ABOLISHING THE GOVERNMENT PATENTS BOARD AND PROVIDING FOR THE PERFORMANCE OF ITS FUNCTIONS

By virture of the authority vested in me as President of the United States, it is ordered as follows:

SECTION 1. The Government Patents Board, established by section 3(a) of Executive Order No. 10096 of January 23, 1950, and all positions established thereunder or pusuant thereto are hereby abolished.

SEC. 2. All functions of the Government Patents Board and of the Chairman thereof under the said Executive Order No. 10096, except the functions of conference and consultation between the Board and the Chairman, are hereby transferred to the Secretary of Commerce, who may provide for the performance of such transferred functions by such officer, employee, or agency of the Department of Commerce as he may designate.

SEC. 3. The Secretary of Commerce shall make such provision as may be necessary and consonant with law for the disposition or transfer of property, personnel, records, and funds of the Government Patents Board.

SEC. 4. Except to the extent that they may be inconsistent with this order, all determinations, regulations, rules, rulings, orders, and other actions made or issued by the Government Patents Board, or by any Government agency with respect to any function transferred by this order, shall continue in full force and effect until amended, modified, or revoked by appropriate authority.

SEC. 5. Subsections (a) and (c) of section 3 of Executive Order No. 10096 are hereby revoked, and all other provisions of that order are hereby amended to the extent that they are inconsistent with the provisions of this order.

JOHN F. KENNEDY.

THE WHITE HOUSE, *March 24, 1961.*

SECTION III—STATUTORY PATENT PROVISIONS OF INDIVIDUAL DEPARTMENTS AND AGENCIES

Rights to inventions arising from Government-sponsored R. & D. are determined by statute and/or under contract provisions pursuant to the August 1971 Presidential Memorandum and Statement of Government Patent Policy, implemented by Amendment 147 to the Federal Procurement Regulations published in the Federal Register, Vol. 40, No. 89, May 7, 1975, and the Armed Services Procurement Regulations.

As noted in the introduction to Section I, there are agencies and departments that have patenting provisions within their enabling legislation or within legislation authorizing individual programs. The policies range widely from very permissive authority for the agency administrator to quite restrictive requirements leaving little discretion concerning the grant to which ownership of such patents rests with the government or the contractor.

The following section is a compliation of the legislative provisions found in various agency statutes. An effort has been made to be as comprehensive as possible in order to demonstrate the wide variance in the mandates to agencies and departments as well as the wide variance in subjects covered in legislation affecting different agencies—from single paragraphs in the basic enabling legislation to requirements covering several aspects of the agency's activities. The list of statutory provisions include those known to have been issued prior to December 31, 1975.

From the many agencies and departments that could be noted for reference, only those with R. & D. expenditures which require concern with government patent policies have been included.

National Aeronautics and Space Administration

Statutory authority: National Aeronautics and Space Act of 1958, as amended, Public Law 85–568, 72 Stat. 435, 42 U.S.C. 2457.

42 U.S.C. 2457(a)–(i)

§ 2457. Property rights in inventions.

(a) Exclusive property of United States; issuance of patent

Whenever any invention is made in the performance of any work under any contract of the Administration, and the Administrator determines that—

(1) the person who made the invention was employed or assigned to perform research, development, or exploration work and the invention is related to the work he was employed or assigned to perform, or that it was within the scope of his employment duties, whether or not it was made during working hours, or with a

contribution by the Government of the use of Government facilities, equipment, materials, allocated funds, information proprietary, to the Government, or services of Government employees during working hours; or

(2) the person who made the invention was not employed or assigned to perform research, development, or exploration work, but the invention is nevertheless related to the contract, or to the work or duties he was employed or assigned to perform, and was made during working hours, or with a contribution from the Government of the sort referred to in clause (1),

such invention shall be the exclusive property of the United States, and if such invention is patentable a patent therefor shall be issued to the United States upon application made by the Administrator, unless the Administrator waives all or any part of the rights of the United States to such invention in conformity with the provisions of subsection (f) of this section.

(*b*) *Contract provisions for furnishing reports of inventions, discoveries, improvements, or innovations*

Each contract entered into by the Administrator with any party for the performance of any work shall contain effective provisions under which such party shall furnish promptly to the Administrator a written report containing full and complete technical information concerning any invention, discovery, improvement, or innovation which may be made in the performance of any such work.

(*c*) *Patent application*

No patent may be issued to any applicant other than the Administrator for any invention which appears to the Commissioner of Patents to have significant utility in the conduct of aeronautical and space activities unless the applicant files with the Commissioner, with the application or within thirty days after request therefor by the Commissioner, a written statement executed under oath setting forth the full facts concerning the circumstances under which such invention was made and stating the relationship (if any) of such invention to the performance of any work under any contract of the Administration. Copies of each such statement and the application to which it relates shall be transmitted forthwith by the Commissioner to the Administrator.

(*d*) *Issuance of patent to applicant; request by Administrator; notice; hearing; determination; review*

Upon any application as to which any such statement has been transmitted to the Administrator, the Commissioner may, if the invention is patentable, issue a patent to the applicant unless the Administrator, within ninety days after receipt of such application and statement, requests that such patent be issued to him on behalf of the United States. If, within such time, the Administrator files such a request with the Commissioner, the Commissioner shall transmit notice thereof to the applicant, and shall issue such patent to the Administrator unless the applicant within thirty days after receipt of such notice requests a hearing before a Board of Patent Interferences on the question whether the Administrator is entitled under this section to receive such patent. The Board may hear and determine, in accordance with rules and procedures established for inter-

ference cases, the question so presented, and its determination shall be subject to appeal by the applicant or by the Administrator to the Court of Customs and Patent Appeals in accordance with procedures governing appeals from decisions of the Board of Patent Interferences in other proceedings.

(e) *False representations; request for transfer of title to patent; notice; hearing; determination; review*

Whenever any patent has been issued to any applicant in conformity with subsection (d) of this section, and the Administrator thereafter has reason to believe that the statement filed by the applicant in connection therewith contained any false representation of any material fact, the Administrator within five years after the date of issuance of such patent may file with the Commissioner a request for the transfer to the Administrator of title to such ptaent on the records of the Commissioner. Notice of any such request shall be transmitted by the Commissioner to the owner of record of such patent, and title to such patent shall be so transferred to the Administrator unless within thirty days after receipt of such notice such owner of record requests a hearing before a Board of Patent Interferences on the question whether any such false representation was contained in such statement. Such question shall be heard and determined, and determination thereof shall be subject to review, in the manner prescribed by subsection (d) of this section for questions arising thereunder. No request made by the Administrator under this subsection for the transfer of title to any patent, and no prosecution for the violation of any criminal statute, shall be barred by any failure of the Administrator to make a request under subsection (d) of this section for the issuance of such patent to him, or by any notice previously given by the Administrator stating that he had no objection to the issuance of such patent to the applicant therefor.

(f) *Waiver of rights to inventions; Inventions and Contributions Board*

Under such regulations in conformity with this subsection as the Administrator shall prescribe, he may waive all or any part of the rights of the United States under this section with respect to any invention or class of inventions made or which may be made by any person or class of persons in the performance of any work required by any contract of the Administration if the Administrator determines that the interests of the United States will be served thereby. Any such waiver may be made upon such terms and under such conditions as the Administrator shall determine to be required for the protection of the interests of the United States. Each such waiver made with respect to any invention shall be subject to the reservation by the Administrator of an irrevocable, nonexclusive, nontransferrable, royalty-free license for the practice of such invention throughout the world by or on behalf of the United States or any foreign government pursuant to any treaty or agreement with the United States. Each proposal for any waiver under this subsection shall be referred to an Inventions and Contributions Board which shall be established by the Administrator within the Administration. Such Board shall accord to each interested party an opportunity for hearing, and shall transmit to the Administrator its findings of fact with respect to such proposal and its recommendations for action to be taken with respect thereto.

(*g*) *License regulations*

The Administrator shall determine, and promulgate regulations specifying, the terms and conditions upon which licenses will be granted by the Administration for the practice by any person (other than an agency of the United States) of any invention for which the Administrator holds a patent on behalf of the United States.

(*h*) *Protection of title*

The Administrator is authorized to take all reasonable and necessary steps to protect any invention or discovery to which he has title, and to require that contractors or persons who retain title to inventions or discoveries under this section protect the inventions or discoveries to which the Administration has or may acquire a license of use.

(*i*) *Administration as defense agency*

The Administration shall be considered a defense agency of the United States for the purpose of chapter 17 of Title 35.

Department of Agriculture

Statutory authority: Research and Marketing Act of 1946, Public Law 79–733, 60 Stat. 1085 and 1090, 7 U.S.C. 427i and 1624.

7 U.S.C. 427(i)

Research authorized under this subsection shall be conducted so far as practicable at laboratories of the Department of Agriculture. Projects conducted under contract with public and private agencies shall be supplemental to and coordinated with research of these laboratories. Any contracts made pursuant to this authority shall concontain requirements making the results of research and investigations available to the public through dedication, assignment to the Government, or such other means as the Secretary shall determine.

7 U.S.C. 1624(a)

The Secretary of Agriculture shall have authority to enter into contracts and agreements under the terms of regulations promulgated by him with States and agencies of States, private firms, institutions, and individuals for the purpose of conducting research and service work, making and compiling reports and surveys, and carrying out other functions relating thereto when in his judgment the services or functions to be performed will be carried out more effectively, more rapidly, or at less cost than if performed by the Department of Agriculture.

Any contract made pursuant to this section shall contain requirements making the result of such research and investigations available to the public by such means as the Secretary of Agriculture shall determine.

7 U.S.C. 171(l)

§ 171. Program for development of guayule and other rubber-bearing plants.

The Secretary of Agriculture (hereinafter called the "Secretary") is authorized—

(1) To acquire by purchase, license, or other agreement, the right to operate under processes or patents relating to the growing and harvesting of guayule or the extraction of rubber therefrom, and such properties, processes, records, and data as are necessary to such operation, including but not limited to any such rights owned or controlled by the Intercontinental Rubber Company, or any of its subsidiaries, and all equipment, materials, structures, factories, real property, seed, seedlings, growing shrub, and other facilities, patents and processes of the Intercontinental Rubber Company, or any of its subsidiaries located in California, and for such right, properties, and facilities of the Intercontinental Rubber Company or any of its subsidiaries, the Secretary is authorized to pay not to exceed $2,000,000;

U.S. Arms Control and Disarmament Agency

Statutory authority: Arms Control Disarmament Act, Section 32, 22 U.S.C. 2572.

22 U.S.C. 2572

§ 2572. Patents; availability to general public; protection of background rights.

All research within the United States contracted for, sponsored, cosponsored, or authorized under authority of this chapter, shall be provided for in such manner that all information as to uses, products, processes, patents, and other developments resulting from such research developed by Government expenditure will (with such exceptions and limitations, if any, as the Director may find to be necessary in the public interest) be available to the general public. This section shall not be so construed as to deprive the owner of any background patent relating thereto of such rights as he may have thereunder.

Central Intelligence Agency

Statutory authority: Agency follows the regulations of the Department of Defense in all patent matters.

Department of Commerce

Statutory authority: None.

Department of Defense

Statutory authority: Arms Control and Disarmament Act of 1961, Pub. L. 87–297, title III, §32, Sept. 26, 1961, 70 Stat. 634, U.S.C. 22 U.S.C. 2572.

22 U.S.C. (2572)

§ 2572. Patents; availability to general public; protection of background rights.

All research within the United States contracted for, sponsored, cosponsored, or authorized under authority of this chapter, shall be provided for in such manner that all information as to uses, products, processes, patents, and other developments resulting from such research developed by Government expenditure will (with such ex-

ceptions and limitations, if any, as the Director may find to be necessary in the public interest) be available to the general public. This section shall not be so construed as to deprive the owner of any background patent relating thereto of such rights as he may have thereunder.

U.S. Energy Research and Development Administration

Patent statutes applicable to ERDA include provisions originally enacted for the Atomic Energy Commission [AEC]. Reference to the "Commission" now refer to ERDA.

Statutory authority: Energy Reorganization Act of 1974, Public Law 93–438, 88 Stat. 1241, 42 U.S.C. 5817(d), (Powers); Federal Nonnuclear Energy Research and Development Act of 1974, Public Law 93–577, 88 Stat. 1887, 42 U.S.C. 5908 (Patent Policy); Atomic Energy Act of 1954, Public Law 83–703, 68 Stat. 919, 42 U.S.C. 2011–2281 (Patents and Inventions, 2181–2190, as amended).

42 U.S.C. (5817(d))

(d) Acquisition of copyrights and patents

The Administrator is authorized to acquire any of the following described rights if the property acquired thereby is for use in, or is useful to, the performance of functions vested in him:

(1) Copyrights, patents, and applications for patents, designs, processes, specifications, and data.

(2) Licenses under copyrights, patents, and applications for patents.

(3) Releases, before suit is brought, for past infringement of patents or copyrights.

42 U.S.C. 5908

§ 5908. Patents and inventions.

(a) Vesting of title to invention and issuance of patents to United States; prerequisites

Whenever any invention is made or conceived in the course of or under any contract of the Administration, other than nuclear energy research, development, and demonstration pursuant to the Atomic Energy Act of 1954 and the Administrator determines that—

(1) the person who made the invention was employed or assigned to perform research, development, or demonstration work and the invention is related to the work he was employed or assigned to perform, or that it was within the scope of his employment duties, whether or not it was made during working hours, or with a contribution by the Government of the use of Government facilities, equipment, materials, allocated funds, information proprietary to the Government, or services of Government employees during working hours; or

(2) the person who made the invention was not employed or assigned to perform research, development, or demonstration work, but the invention is nevertheless related to the contract or to the work or duties he was employed or assigned to perform, and was made during working hours, or with a contribution from the Government of the sort referred to in clause (1).[1]

[1] So in original. Probably should be a comma.

title to such invention shall vest in the United States, and if patents on such invention are issued they shall be issued to the United States, unless in particular circumstances the Administrator waives all or any part of the rights of the United States to such invention in conformity with the provisions of this section.

(*b*) *Contract as requiring report to Administration of inventiom, etc., made in course of contract*

Each contract entered into by the Administration with any person shall contain effective provisions under which such person shall furnish promptly to the Administration a written report containing full and complete technical information concerning any invention, discovery, improvement, or innovation which may be made in the course of or under such contract

(*c*) *Waiver by Administrator of rights of United States; regulations prescribing procedures; record of waiver determinations; objectives*

Under such regulations in conformity with the provisions of this section as the Administrator shall prescribe, the Administrator may waive all or any part of the rights of the United States under this section with respect to any invention or class of inventions made or which may be made by any person or class of persons in the course of or under any contract of the Administration if he determines that the interests of the United States and the general public will be best served by such waiver. The Administration shall maintain a publicly available, periodically updated record of waiver determinations. In making such determinations, the Administrator shall have the following objectives:

(1) Making the benefits of the energy research, development, and demonstration program widely available to the public in the shortest practicable time.

(2) Promoting the commercial utilization of such inventions.

(3) Encouraging participation by private persons in the Administration's energy research, development, and demonstration program.

(4) Fostering competition and preventing undue market concentration or the creation or maintenance of other situations inconsistent with the antitrust laws.

(*d*) *Considerations applicable at time of contracting for waiver determination by Administrator*

In determining whether a waiver to the contractor at the time of contracting will best serve the interests of the United States and the general public, the Administrator shall specifically include as considerations—

(1) the extent to which the participation of the contractor will expedite the attainment of the purposes of the program;

(2) the extent to which a waiver of all or any part of such rights in any or all fields of technology is needed to secure the participation of the particular contractor;

(3) the extent to which the contractor's commercial position may expedite utilization of the research, development, and demonstration program results;

(4) the extent to which the Government has contributed to the field of technology to be funded under the contract;

(5) the purpose and nature of the contract, including the intended use of the result developed thereunder;

(6) the extent to which the contractor has made or will make substantial investment of financial resources or technology developed at the contractor's private expense which will directly benefit the work to be performed under the contract;

(7) the extent to which the field of technology to be funded under the contract has been developed at the contractor's private expense;

(8) the extent to which the Government intends to further develop to the point of commercial utilization the results of the contract effort;

(9) the extent to which the contract objectives are concerned with the public health, public safety, or public welfare;

(10) the likely effect of the waiver on competition and market concentration; and

(11) in the case of a nonprofit educational institution, the extent to which such institution has a technology transfer capability and program, approved by the Administrator as being consistent with the applicable policies of this section.

(*e*) *Considerations applicable to identified invention for waiver determination by Administrator*

In determining whether a waiver to the contractor or inventor or rights to an identified invention will best serve the interests of the United States and the general public, the Administrator shall specifically include as considerations paragraphs (4) through (11) of sub section (d) of this section as applied to the invention and—

(1) the extent to which such waiver is a reasonable and necessary incentive to call forth private risk capital for the development and commercialization of the invention; and

(2) the extent to which the plans, intentions, and ability of the contractor or inventor will obtain expeditious commercialization of such invention.

(*f*) *Rights subject to reservation where title to invention vested in United States*

Whenever title to an invention is vested in the United States, there may be reserved to the contractor or inventor—

(1) a revocable or irrevocable nonexclusive, paid-up license for the practice of the invention throughout the world; and

(2) the rights to such invention in any foreign country where the United States has elected not to secure patent rights and the contractor elects to do so, subject to the rights set forth in paragraphs (2), (3), (6), and (7) of subsection (h) of this section: *Provided*, That when specifically requested by the Administration and three years after issuance of such a patent, the contractor shall submit the report specified in subsection (h)(1) of this section.

(*g*) *Licenses to inventions; promulgation of regulations specifying terms and conditions; criteria and procedures for grant of exclusive or partially exclusive licenses; record of determinations*

(1) Subject to paragraph (2) of this subsection, the Administrator shall determine and promulgate regulations specifying the terms and conditions upon which licenses may be granted in any invention to which title is vested in the United States.

(2) Pursuant to paragraph (1) of this subsection, the Administrator may grant exclusive or partially exclusive licenses in any invention only if, after notice and opportunity for hearing, it is determined that—

(A) the interests of the United States and the general public will best be served by the proposed license, in view of the applicant's intentions, plans, and ability to bring the invention to the point of practical or commercial applications;

(B) the desired practical or commercial applications have not been achieved, or are not likely expeditiously to be achieved, under any nonexclusive license which has been granted, or which may be granted, on the invention;

(C) exclusive or partially exclusive licensing is a reasonable and necessary incentive to call forth risk capital and expenses to bring the invention to the point of practical or commercial applications; and

(D) the proposed terms and scope of exclusivity are not substantially greater than necessary to provide the incentive for bringing the invention to the point of practical or commercial applications and to permit the licensee to recoup its costs and a reasonable profit thereon:

Provided, That, the Administrator shall not grant such exclusive or partially exclusive license if he determines that the grant of such license will tend substantially to lessen competition or result in undue concentration in any section of the country in any line of commerce to which the technology to be licensed relates. The Administration shall maintain a publicly available, periodically updated record of determinations to grant such licenses.

(*h*) *Required terms and conditions in waiver of rights or grant of exclusive or partially exclusive licenses*

Each waiver of rights or grant of an exclusive or partially exclusive license shall contain such terms and conditions as the Administrator may determine to be appropriate for the protection of the interests of the United States and the general public, including provisions for the following:

(1) Periodic written reports at reasonable intervals, and when specifically requested by the Administration, on the commercial use that is being made or is intended to be made of the invention.

(2) At least an irrevocable, nonexclusive, paid-up license to make, use, and sell the invention throughout the world by or on behalf of the United States (including any Government agency) and States and domestic municipal governments, unless the Administrator determines that it would not be in the public interest to acquire the license for the States and domestic municipal governments.

(3) The right in the United States to sublicense any foreign government pursuant to any existing or future treaty of agreement if the Administrator determines it would be in the national interest to acquire this right.

(4) The reservation in the United States of the rights to the invention in any country in which the contractor does not file an application for patent within such time as the Administration shall determine.

(5) The right in the Administrator to require the granting of a nonexclusive, exclusive, or partially exclusive license to a responsible

applicatnt or applicants, upon terms reasonable under the circumstances, (A) to the extent that the invention is required for public use by governmental regulations, or (B) as may be necessary to fulfill health, safety, or energy needs, or (C) for such other purposes as may be stipulated in the applicable agreement.

(6) The right in the Administrator to terminate such waiver or license in whole or in part unless the recipient of the waiver or license demonstrates to the satisfaction of the Administrator that he has taken effective steps, or within a reasonable time thereafter is expected to take such steps, necessary to accomplish substantial utilization of the invention.

(7) The right in the Administrator, commencing three years after the grant of a license and four years after a waiver is effective as to an invention, to require the granting of a nonexclusive or partially exclusive license to a responsbile applicant or applicants, upon terms reasonable under the circumstances, and in appropriate circumstances to terminate the waiver or license in whole or in part, following a hear- upon notice thereof to the public, upon a petition by an interested person justifying such hearing—

(A) if the Administrator determines, upon review of such material as he deems relevant, and after the recipient of the waiver or license, or other interested person, has had the opportunity to provide such relevant and material information as the Administrator may require, that such waiver or license has tended substantially to lessen competition or to result in undue concentration in any section of the country in any line of commerce to which the technology relates; or

(B) unless the recipient of the waiver or license demonstrates to the satisfaction of the Administrator at such hearing that he has taken effective steps, or within a reasonable time thereafter is expected to take such steps, necessary to accomplish substantial utilization of the invention.

(*i*) *Publication in Federal Register by Administrator of waiver or license termination hearing requirements and availability of records*

The Administrator shall provide an annual periodic notice to the public in the Federal Register, or other appropriate publication, of the right to have a hearing as provided by subsection (h)(7) of this section, and of the availability of the records of determinations provided in this section.

(*j*) *Small business status of applicant for waiver or licenses*

The Administrator shall, in granting waivers or licenses, consider the small business status of the applicant.

(*k*) *Protection of invention, etc., rights by Administrator*

The Administrator is authorized to take all suitable and necessary steps to protect any invention or discovery to which the United States holds title, and to require that contractors or persons who acquire rights to inventions under this section protect such inventions.

(*l*) *Administration as defense agency of United States for purpose of maintaining secrecy of inventions*

The Administration shall be considered a defense agency of the United States for the purpose of chapter 17 of Title 35.

(*m*) *Definitions*

As used in this section—

(1) the term "person" means any individual, partnership, corporation, association, institution, or other entity;

(2) the term "contract" means any contract, grant, agreement, understanding, or other arrangement, which includes research, development, or demonstration work, and includes any assignment, substitution of parties, or subcontract executed or entered into thereunder;

(3) the term "made", when used in relation to any invention, means the conception or first actual reduction to practice of such invention;

(4) the term "invention" means inventions or discoveries, whether patented or unpatented; and

(5) the term "contractor" means any person having a contract with or on behalf of the Administration.

(*n*) *Report concerning applicability of existing patent policies to energy programs; time for submission to President and appropriate congressional committees*

Within twelve months after December 31, 1974, the Administrator with the participation of the Attorney General, the Secretary of Commerce, and other officials as the President may designate, shall submit to the President and the appropriate congressional committees a report concerning the applicability of existing patent policies affecting the programs under this chapter, along with his recommendations for amendments or additions to the statutory patent policy, including his recommendations on mandatory licensing, which he deems advisable for carrying out the purposes of this chapter.

REFERENCES IN TEXT

The Atomic Energy Act of 1954, referred to in text, is classified to section 2011 et seq. of this title.

SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in section 5906 of this title.

U.S.C. 2011–2281

Subchapter XII.—Patents and Inventions

PRIOR PROVISIONS

Provisions similar to those comprising this subchapter were contained in section 11 of act Aug. 1, 1946, ch. 724, 60 Stat. 768 (formerly classified to section 1811 of this title) prior to the complete amendment and renumbering of act Aug. 1, 1946, by act Aug. 30, 1954, ch. 1073, 68 Stat. 921.

§ 2181. Inventions relating to atomic weapons, and filing of reports.

(*a*) *Denial of patent; revocation of prior patents*

No patent shall hereafter be granted for any invention or discovery which is useful solely in the utilization of special nuclear material or atomic energy in an atomic weapon. Any patent granted for any such invention or discovery is revoked, and just compensation shall be made thereof.

(*b*) *Denial of rights; revocation of prior rights*

No patent hereafter granted shall confer any rights with respect to any invention or discovery to the extent that such invention or discovery is used in the utilization of special nuclear material or atomic energy in atomic weapons. Any rights conferred by any patent heretofore granted for any invention or discovery are revoked to the extent that such invention or discovery is so used, and just compensation shall be made therefor.

(*c*) *Report of invention to Commissioner of Patents*

Any person who has made or hereafter makes any invention or discovery useful in the production or utilization of special nuclear material or atomic energy, shall file with the Commission a report containing a complete description thereof unless such invention or discovery is described in an application for a patent filed with the Commissioner of Patents by such person within the time required for the filing of such report. The report covering any such invention or discovery shall be filed on or before the one hundred and eightieth day after such person first discovers or first has reason to believe that such invention or discovery is useful in such production or utilization.

(*d*) *Report to Commission by Commissioner of Patents*

The Commissioner of Patents shall notify the Commission of all applications for patents heretofore or hereafter filed which, in his opinion, disclose inventions or discoveries required to be reported under subsection (c) of this section, and shall provide the Commission access to all such applications.

(*e*) *Confidential information; circumstances permitting disclosure*

Reports filed pursuant to subsection (c) of this section, and applications to which access is provided under subsection (d) of this section, shall be kept in confidence by the Commission, and no information concerning the same given without authority of the inventor or owner unless necessary to carry out the provisions of any Act of Congress or in such special circumstances as may be determined by the Commission. (Aug. 1, 1946, ch. 724, § 151, as added Aug. 30, 1954, ch. 1073, § 1, 68 Stat. 943, and amended Sept. 6, 1961, Pub. L. 87–206, §§ 7, 8, 9, 75 Stat. 477.)

AMENDMENTS

1961—Pub. L. 87–206, § 7, substituted provision concerning inventions relating to atomic weapons and filing of reports for provision relating to military utilization, in the catchline.

Subsec. (c). Pub. L. 87–206, § 8, eliminated designation as clause (1) of provision relating to production or utilization of special nuclear material or atomic energy and clauses (2) and (3) relating to utilization of special nuclear material in an atomic weapon and utilization of atomic energy in an atomic weapon, respectively, and substituted "the one hundred and eightieth day" for "whichever of the following is the later: either the ninetieth day after completion of such invention or discovery; or the ninetieth day."

Subsec. (e). Pub. L. 87–206, § 9, added subsec. (e).

SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in sections 2187, 2190 of this title.

§ 2182. Inventions conceived during Commission contracts; ownership; waiver; hearings.

Any invention or discovery, useful in the production or utilization of special nuclear material or atomic energy, made or concevied in the course of or under any contract, subcontract, or arrangement entered into with or for the benefit of the Commission, regardless of whether the contract, subcontract, or arrangement involved the expenditure of funds by the Commission, shall be vested in, and be the property of, the Commission, except that the Commission may waive its claim to any such invention or discovery under such circumstances as the Commission may deem appropriate, consistent with the policy of this section. No patent for any invention or discovery, useful in the production or utilization of special nuclear material or atomic energy, shall be issued unless the applicant files with the application, or within thirty days after request therefor by the Commissioner of Patents (unless the Commission advises the Commissioner of Patents that its rights have been determined and that accordingly no statement is necessary) a statement under oath setting forth the full facts surrounding the making or conception of the invention or discovery described in the application and whether the invention or discovery was made or conceived in the course of or under any contract, subcontract, or arrangement entered into with or for the benefit of the Commission, regardless of whether the contract, subcontract, or arrangement involved the expenditure of funds by the Commission. The Commissioner of Patents shall as soon as the application is otherwise in condition for allowance forward copies of the application and the statement to the Commission.

The Commissioner of Patents may proceed with the application and issue the patent to the applicant (if the invention or discovery is otherwise patentable) unless the Commission, within 90 days after receipt of copies of the application and statement, directs the Commissioner of Patents to issue the patent to the Commission (if the invention or discovery is otherwise patentable) to be held by the Commission as the agent of and on behalf of the United States.

If the Commission files such a direction with the Commissioner of Patents, and if the applicant's statement claims, and the applicant still believes, that the invention or discovery was not made or conceived in the course of or under any contract, subcontract or arrangement entered into with or for the benefit of the Commission entitling the Commission to the title to the application or the patent the applicant may, within 30 days after notification of the filing of such a direction, request a hearing before a Board of Patent Interferences. The Board shall have the power to hear and determine whether the Commission was entitled to the direction filed with the Commissioner of Patents. The Board shall follow the rules and procedures established for interference cases and an appeal may be taken by either the applicant or the Commission from the final order of the Board to the Court of Customs and Patent Appeals in accordance with the procedures governing the appeals from the Board of Patent Interferences.

If the statement filed by the applicant should thereafter be found to contain false material statements any notification by the Commission that it has no objections to the issuance of a patent to the applicant shall not be deemed in any respect to constitute a waiver of the provisions of this section or of any appliable civil or criminal statute, and the Commission may have the title to the patent transferrrd to the Commission on the records of the Commissioner of Patents in accordance with the provisions of this section. A determination of rights by the Commission pursuant to a contractual provision or other arrangements prior to the request of the Commissioner of Patent for the statement, shall be final in the absence of false material statements or nondisclosure of material facts by the applicant. (Aug. 1, 1946, ch. 724, § 152, as added, Aug. 30, 1954, ch. 1073, § 1, 68 Stat. 944, and amended Sept. 6, 1961, Pub. L. 87–206, § 10, 75 Stat. 477; Aug. 29, 1962, Pub. L. 87–615, § 11, 76 Stat. 411).

AMENDMENTS

1962—Pub. L. 87–615 substituted "allowance" for "allowances" preceding "forward copies of the application" in first paragraph.

1961—Pub. L. 87–206 clarified the language concerning the Commission's patent rights on inventions made or conceived under contract, subcontract, or arrangement with the Commission, eliminating language extending Commission's patent rights to other relationships and activities in connection with Commission contracts, provided for waiver of patent rights consistent with the policy of this section and for finality of determinations of the Commission, and dispensed with need for statement to Commissioner of Patents under certain circumstances.

§ 2183. Nonmilitary utilization.

(*a*) *Declaration of public interest*

The Commission may, after giving the patent owner an opportunity for a hearing, declare any patent to be affected with the public interest if (1) the invention or discovery covered by the patent is of primary importance in the production or utilization of special nuclear material or atomic energy; and (2) the licensing of such invention or discovery under this section is of primary importance to effectuate the policies and purposes of this chapter.

(*b*) *Action by Commission*

Whenever any patent has been declared affected with the public interest, pursuant to subsection (a) of this section—

(1) the Commission is licensed to use the invention or discovery covered by such patent in performing any of its powers under this chapter; and

(2) any person may apply to the Commission for a nonexclusive patent license to use the invention or discovery covered by such patent, and the Commission shall grant such patent license to the extent that it finds that the use of the invention or discovery is of primary importance to the conduct of an activity by such person authorized under this chapter.

(*c*) *Application for patent*

Any person—

(1) who has made application to the Commission for a license under section 2073, 2092, 2093, 2111, 2133 or 2134 of this title, or a permit or lease under section 2097 of this title;

(2) to whom such license, permit, or lease has been issued by the Commission;

(3) who is authorized to conduct such activities as such applicant is conducting or proposes to conduct under a general license issued by the Commission under section 2092 or 2111 of this title; or

(4) whose activities or proposed activities are authorized under section 2051 of this title,

may at any time make application to the Commission for a patent license for the use of an invention or discovery useful in the production or utilization of special nuclear material or atomic energy covered by a patent. Each such application shall set forth the nature and purpose of the use which the applicant intends to make of the patent license, the steps taken by the applicant to obtain a patent license from the owner of the patent, and a statement of the effects, as estimated by the applicant, on the authorized activities which will result from failure to obtain such patent license and which will result from the granting of such patent license.

(*d*) *Hearings*

Whenever any person has made an application to the Commission for a patent license pursuant to subsection (c) of this section—

(1) the Commission, within 30 days after the filing of such application, shall make available to the owner of the patent all of the information contained in such application, and shall notify the owner of the patent of the time and place at which a hearing will be held by the Commission;

(2) the Commission shall hold a hearing within 60 days after the filing of such application at a time and place designated by the Commission; and

(3) in the event an applicant applies for two or more patent licenses, the Commission may, in its discretion, order the consolidation of such applications, and if the patents are owned by more than one owner, such owners may be made parties to one hearing.

(*e*) *Commission's findings*

If, after any hearing conducted pursuant to subsection (d) of this section, the Commission finds that—

(1) the invention or discovery covered by the patent is of primary importance in the production or utilization of special nuclear material or atomic energy;

(2) the licensing of such invention or discovery is of primary importance to the conduct of the activities of the applicant;

(3) the activities to which the patent license are proposed to be applied by such applicant are of primary importance to the furtherance of policies and purposes of this chapter; and

(4) such applicant cannot otherwise obtain a patent license from the owner of the patent on terms which the Commission deems to be reasonable for the intended use of the patent to be made by such applicant, the Commission shall license the applicant to use the invention or discovery covered by the patent for the purposes stated in such application on terms deemed equitable by the Commission and generally not less fair than those granted by the patentee or by the Commission to similar licensees for comparable use.

(*f*) *Limitations on issuance of patent.*

The Commission shall not grant any patent license pursuant to subsection (e) of this section for any other purpose than that stated in the application. Nor shall the Commission grant any patent license to any other applicant for a patent license on the same patent without an application being made by such applicant pursuant to subsection (c) of this section, and without separate notification and hearing as provided in subsection (d) of this section, and without a separate finding as provided in subsection (e) of this section.

(*g*) *Royalty fees.*

The owner of the patent affected by a declaration or a finding made by the Commission pursuant to subsection (b) or (e) of this section shall be entitled to a reasonable royalty fee from the licensee for any use of an invention or discovery licensed by this section. Such royalty fee may be agreed upon by such owner and the patent licensee, or in the absence of such agreement shall be determined for each patent license by the Commission pursuant to section 2187(c) of this title.

(*h*) *Effective period.*

The provisions of this section shall apply to any patent the application for which shall have been filed before September 1, 1974. (Aug. 1, 1946, ch. 724, § 153 as added Aug. 20, 1954, ch. 1073, § 1, 68 Stat. 945, and amended June 23, 1959, Pub. L. 86–50, § 114, 73 Stat. 87; Aug. 1, 1964, Pub. L. 88–394, § 1, 78 Stat. 376; Dec. 24, 1969, Pub. L. 91–161, § 1, 83 Stat. 444.)

AMENDMENTS

1969—Subsec. (h). Pub. L. 91–161 substituted "September 1, 1974" for "September 1, 1969."

1964—Subsec. (h). Pub. L. 88–394 substituted "September 1, 1969" for "September 1, 1964."

1959—Subsec. (h). Pub. L. 86–50 substituted "September 1, 1964" for "September 1, 1959."

SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in sections 2184, 2186, 2187, 2239 of this title.

§ 2184. Injunctions; measure of damages.

No court shall have jurisdiction or power to stay, restrain, or otherwise enjoin the use of any invention or discovery by a patent licensee, to the extent that such use is licensed by section 2183(b) or 2183(e) of this title. If, in any action against such patent licensee, the court shall determine that the defendant is exercising such license, the measure of damages shall be the royalty fee determined pursuant to section 2187(c) of this title, together with such costs, interest, and reasonable attorney's fees as may be fixed by the court. If no royalty fee has been determined, the court shall stay the proceeding until the royalty fee is determined pursuant to section 2187(c) of this title. If any such patent licensee shall fail to pay such royalty fee, the patentee may bring an action in any court of competent jurisdiction for such royalty fee, together with such costs, interest, and reasonable attorney's fees as may be fixed by the court. (Aug. 1, 1946, ch. 724, § 154, as added Aug. 30, 1954, ch. 1073, § 1, 68 Stat. 946.)

§ 2185. Prior art.

In connection with applications for patents covered by this subchapter, the fact that the invention or discovery was known or used before shall be a bar to the patenting of such invention or discovery even though such prior knowledge or use was under secrecy within the atomic energy program of the United States. (Aug. 1, 1946, ch. 724, § 155, as added Aug. 30, 1954, ch. 1073, § 1, 68 Stat. 947.)

SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in section 2190 of this title.

§ 2186. Commission patent licenses.

The Commission shall establish standard specifications upon which it may grant a patent license to use any patent held by the Commission or declared to be affected with the public interest pursuant to section 2183 (a) of this title. Such a patent license shall not waive any of the other provisions of this chapter. (Aug. 1, 1946, ch. 724, § 156, as added Aug. 30, 1954, ch. 1073, § 1, 68 Stat. 947.)

§ 2187. Compensation, awards, and royalties.

(*a*) *Patent Compensation Board*

The Commission shall designate a Patent Compensation Board to consider applications under this section. The members of the Board shall receive a per diem compensation for each day spent in meetings or conferences, and all members shall receive their necessary traveling or other expenses while engaged in the work of the Board. The members of the Board may serve as such without regard to the provisions of sections 281, 283, or 284 of Title 18, except in so far as such sections may prohibit any such member from receiving compensation in respect of any particular matter which directly involves the Commission or in which the Commission is directly interested.

(*b*) *Eligibility*

(1) Any owner of a patent licensed under section 2188 or 2183(b) or 2183(e) of this title, or any patent licensee thereunder may make application to the Commission for the determination of a reasonable royalty fee in accordance with such procedures as the Commission by regulation may establish.

(2) Any person seeking to obtain the just compensation provided in section 2181 of this title shall make application therefor to the Commission in accordance with such procedures as the Commission may by regulation establish.

(3) Any person making any invention or discovery useful in the production or utilization of special nuclear material or atmic energy, who is not entitled to compensation or a royalty therefor under this chapter and who has complied with the provisions of section 2181(c) of this title may make application to the Commission for, and the Commission may grant, an award. The Commission may also, upon the recommendation of the General Advisory Committee, and with the approval of the President, grant an award for any especially meritorious contribution to the development, use, or control of atomic energy.

(c) *Standards*

(1) In determining a reasonable royalty fee as provided for in section 2183(b) or 2183(e) of this title, the Commission shall take into consideration (A) the advice of the Patent Compensation Board; (B) any defense, general or special, that might be pleaded by a defendant in an action for infringement; (C) the extent to which, if any, such patent was developed through federally financed research; and (D) the degree of utility, novelty, and importance of the invention or discovery, and may consider the cost to the owner of the patent of developing such invention or discovery or acquiring such patent.

(2) In determining what constitutes just compensation as provided for in section 2181 of this title, or in determining the amount of any award under subsection (b)(3) of this section, the Commission shall take into account the considerations set forth in paragraph (1) of this subsection and the actual use of such invention or discovery. Such compensation may be paid by the Commission in periodic payments or in a lump sum.

(d) *Limitations*

Every application under this section shall be barred unless filed within six years after the date on which first accrues the right to such reasonable royalty fee, just compensation, or award for which such application is filed. (Aug. 1, 1946, ch. 724, § 157, as added Aug. 30, 1954, ch. 1073, § 1, 68 Stat. 947, and amended Sept. 6, 1961, Pub. L. 87–206, § 11, 75 Stat. 478.)

REFERENCES IN TEXT

Sections 281, 283, and 284 of Title 18, referred to in subsec. (a), were repealed by Pub. L. 87–849, § 2, Oct. 23, 1962, 76 Stat. 1126, except as sections 281 and 283 apply to retired officers of the Armed Forces of the United States. These sections are now covered by sections 203, 205, and 207, respectively, of Title 18, Crimes and Criminal Procedures. See notes under former sections 281–284 of Title 18.

AMENDMENTS

1961—Subsec. (d). Pub. L. 87–206 added subsec. (d).

EX. ORD. NO. 11477. AWARDS BY COMMISSION WITHOUT APPROVAL OF PRESIDENT

Ex. Ord. No. 11477, Aug. 7, 1969, 34 F.R. 12937, provided:

By virtue of the authority vested in me by section 301 of title 3 of the United States Code, and as President of the United States, it is ordered as follows:

The Atomic Energy Commission is hereby designated and empowered, without approval, ratification, or other action by the President, to grant by the unanimous affirmative vote of all of its members not more than five awards in any calendar year, not exceeding the sum of $5,000 each, pursuant to the last sentence of section 157b(3) of the Atomic Energy Act of 1954 (42 U.S.C. 2187(b)(3)) [subsec. (b) 3) of this section] which authorizes the Commission to grant awards for especially meritorious contributions to the development, use, or control of atomic energy.

RICHARD NIXON

SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in sections 2183, 2184, 2239 of this title.

§ 2188. Monopolistic use of patents.

Whenever the owner of any patent hereafter granted for any invention or discovery of primary use in the utilization or production

of special nuclear material or atomic energy is found by a court of competent jurisdiction to have intentionally used such patent in a manner so as to violate any of the antitrust laws specified in section 2135(a) of this title, there may be included in the judgment of the court, in its discretion and in addition to any other lawful sanctions, a requirement that such owner license such patent to any other license of the Commission who demonstrates a need therefor. If the court, at its discretion, deems that such licensee shall pay a reasonable royalty to the owner of the patent, the reasonable royalty shall be determined in accordance with section 2187 of this title. (Aug. 1, 1946, ch. 724, § 158, as added Aug. 30, 1954, ch 1073, § 1, 68 Stat. 942, and amended Sept. 6, 1916, Pub. L. 87–206, § 12, 75 Stat 478.)

AMENDMENTS

1961—Pub. L. 87–206 made it discretionary, rather than mandatory, for the court to require payment of royalties by a licensee to the owner of a patent.

SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in section 2187 of this title.

§ 2189. Federally financed research.

Nothing in this chapter shall affect the right of the Commission to require that patents granted on inventions, made or conceived during the course of federally financed research or operations, be assigned to the United States (Aug 1, 1946, ch 724, § 159, as added Aug. 30, 1954, ch. 1073, § 1, 68 Stat. 159.)

§ 2190. Saving clause for prior patent applications.

Any patent application on which a patent was denied by the United States Patent Office under sections 11(a)(1), 11(a)(2), or 11 (b) of the Atomic Energy Act of 1946, and which is not prohibited by section 2181 or 2185 of this title may be reinstated upon application to the Commissioner of Patents within one year after August 30, 1954 and shall then be deemed to have been continuously pending since its original filing date: *Provided, however,* That no patent issued upon any patent application so reinstated shall in any way furnish a basis of claim against the Government of the United States. (Aug. 1, 1946, ch. 724, § 160, as added Aug. 30, 1954, ch. 1073, § 1, 68 Stat. 948.)

REFERENCES IN TEXT

Sections 11(a)(1), 11(a)(2), and 11(b) of the Atomic Energy Act of 1946, referred to in the text, were formerly classified to section 1811(a)(1), (2), and (b) of this title.

Environmental Protection Agency

Statutory authority: Solid Wastes Disposal Act (P.L. 89–272, as amended by the Resources Recovery Act P.L. 91–512, 42 USC 3253 (c)).

42 U.S.C. 3253(c), SUPP. V

(c) *Provisions of grants or contracts to insure availability of information, uses, processes and patents; use of and adherence to Statement of Government Patent Policy*

Any grant, agreement, or contract made or entered into under this section shall contain provisions effective to insure that all information,

uses, processes, patents and other developments resulting from any activity undertaken pursuant to such grant, agreement, or contract will be made readily available on fair and equitable terms to industries utilizing methods of solid-waste disposal and industries engaging in furnishing devices, facilities, equipment, and supplies to be used in connection with solid-waste disposal. In carrying out the provisions of this section, the Secretary and each department, agency, and officer of the Federal Government having functions or duties under this chapter shall make use of and adhere to the Statement of Government Patent Policy which was promulgated by the President in his memorandum of October 10, 1963.

Federal Communications Commission

Statutory authority: None.

Department of Health, Education, and Welfare

Statutory authority: Federal Coal Mine Health and Safety Act of 1969 (P.L. 91–173; 83 Stat. 742) Section 501(c) 30 U.S.C. 951 (c).

30 U.S.C. 951(C)

No research, demonstrations, or experiments shall be carried out, contracted for, sponsored, cosponsored, or authorized under authority of this Act, unless all information, uses, products, processes, patents, and other developments resulting from such research, demonstrations, or experiments will (with such exception and limitation, if any, as the Secretary or the Secretary of Health, Education, and Welfare may find to be necessary in the public interest) be available to the general public.

Department of Housing and Urban Development

Statutory authority: None.

Department of the Interior

Statutory authority: (*a*) Helium Act Amendments of September 13, 1960, (Section 4), Public Law 86–777, 74 Stat. 920, 50 U.S.C. 167b (1964).

(*b*) Saline Water Conversion Act of September 22, 1961 (Section 4b), Public Law 87–295, 75 Stat. 628, 42 U.S.C. 1954b (1964).

(*c*) Water Resources Research Act of July 17, 1964, Public Law 88–379, 78 Stat. 330, 42 U.S.C. 1961c–3 (1964).

(*d*) Appalachian Regional Development Act of March 9, 1965, Public Law 89–4, as amended, 79 Stat. 5, as amended, 40 App. U.S.C. 302(e) (1964 Supp. V).

(*e*) Solid Waste Disposal Act of October 20, 1965, Public Law 89–272, 79 Stat. 997, 42 U.S.C. 3253(c) (1964 Supp. V).

(*f*) Federal Coal Mines Health and Safety Act of 1969, Public Law 91–173, 83 Stat, 742; Title V., Section 501(c).

50 U.S.C. 167(b)

§ 167b. Production of helium; maintenance and operation of facilities; research.

The Secretary is authorized to maintain and operate helium production and purification plants together with facilities and accessories thereto: to acquire, store, transport, sell, and conserve helium, helium-bearing natural gas, and helium-gas mixtures, to conduct exploration for and production of helium on and from the lands acquired, leased, or reserved; and to conduct or contract with public or private parties for experimentation and research to discover helium supplies and to improve processes and methods of helium production, purification, transportation, liquefaction, storage, and utilitization: *Provided, however*, That all research contracted for, sponsored, cosponsored, or authorized under authority of this chapter shall be provided for in such a manner that all information, uses, products, processes, patents and other developments resulting from such research developed by Government expenditure will (with such exceptions and limitations, if any, as the Secretary may find to be necessary in the interest of national defense) be available to the general public: *And provided further*, That noting contained herein shall be construed as to deprive the owner of any background patent relating thereto to such rights as he may have thereunder.

42 U.S.C. 1954(b)

(b) All research within the United States contracted for, sponsored, cosponsored, or authorized under authority of sections 1951—1958 of this title, shall be provided for in such manner that all information, uses, products, processes, patents, and other developments resulting from such research developed by Government expenditure will (with such exceptions and limitations, if any, as the Secretary may find to be necessary in the interest of national defense) be available to the general public. This subsection shall not be so construed as to deprive the owner of any background patent relating thereto of such rights as he may have thereunder. (July 3, 1952, ch. 578, § 5, 66 Stat. 329, Sept. 22, 1961, Pub. L. 87–295, § 1, 75 Stat. 629).

42 U.S.C. 1961(c–3)

§ 1961c–3. Availability to public of resulting information and developments a condition for expenditure of funds for scientific or technological research or development activity; background patent owners' rights.

No part of any appropriated funds may be expended pursuant to authorization given by this chapter for any scientific or technological research or development activity unless such expenditure is conditioned upon provisions determined by the Secretary of the Interior, with the approval of the Attorney General, to be effective to insure that all information, uses, products, processes, patents, and other developments resulting from that activity will with such exceptions and limi-

tations as the Secretary may determine, after consultation with the Secretary of Defense, to be necessary in the interest of the national defense, be made freely and fully available to the general public. Nothing contained in this section shall deprive the owner of any background patent relating to any such activity of any rights which that owner may have under that patent. (Pub. L. 88–379, title III, § 303, July 17, 1964, 78 Stat. 332.)

40 U.S.C. 302(E), SUPP. V

(c) No part of any appropriated funds may be expended pursuant to authorization given by this Act involving any scientific or technological research or development activity unless such expenditure is conditioned upon provisions effective to insure that all information, copyrights, uses, processes, patents, and other developments resulting from that activity will be made freely available to the general public. Nothing contained in this subsection shall deprive the owner of any background patent relating to any such activity, without his consent, of any right which that owner may have under that patent. . . .

42 U.S.C. 3253(C), SUPP.V

(c) *Provisions of grants or contracts to insure availability of information, uses, processes and patents; use of and adherence to Statement of Government Patent Policy*

Any grant, agreement, or contract made or entered into under this section shall contain provisions effective to insure that all information, uses, processes, patents and other developments resulting from any activity undertaken pursuant to such grant, agreement, or contract will be made readily available on fair and equitable terms to industries utilizing methods of solid-waste disposal and industries engaging in furnishing devices, facilities, equipment, and supplies to be used in connection with solid-waste disposal. In carrying out the provisions of this section, the Secretary and each department, agency, and officer of the Federal Government having functions or duties under this chapter shall make use of and adhere to the Statement of Government Patent Policy which was promulgated by the President in his memorandum of October 10, 1963. (3 CFR, 1963 Supp., p. 238.)

Department of Justice—Law Enforcement Assistance Administration

Statutory authority: None.

National Science Foundation

Statutory authority: National Science Foundation Act of 1950, Public Law 81–507, 76 Stat. 1253, 42 USC 1870(e) and 1871(a).

42 U.S.C. 1870(e)

(e) to acquire by purchase, lease, loan, gift, or condemnation, and to hold and dispose of by grant, sale, lease, or loan, real and personal property of all kinds necessary for, or resulting from, the exercise of authority granted by this chapter;

42 U.S.C. 1871(a)

§ 1871. Patent rights; protection of public interest or equities of individuals or organizations; employees barred.

(a) Each contract or other arrangement executed pursuant to this chapter which relates to scientific research shall contain provisions governing the disposition of inventions produced thereunder in a manner calculated to protect the public interest and the equities of the individual or organization with which the contract or other arrangement is executed: *Provided, however,* That nothing in this chapter shall be construed to authorize the Foundation to enter into any contractual or other arrangement inconsistent with any provision of law affecting the issuance or use of patents.

42 U.S.C. 1862(f) (SUPP. V)

(*f*) *Annual report to the President and Congress*

The Foundation shall render an annual report to the President for submission on or before the 15th day of January of each year to the Congress summarizing the activities of the Foundation and making such recommendations as it may deem appropriate. Such report shall include information as to the acquisition and disposition by the Foundation of any patents and patent rights. (As amended July 8, 1968, Pub. L. 90–407, § 1, 82 Stat. 360.)

Nuclear Regulatory Commission

Statutory authority: Atomic Energy Act of 1954, Public Law 83–703, 68 Stat. 919, 42 U.S.C. 2011–2281 (Patents and Inventions, 2181–2190, as amended); Energy Reorganization Act of 1974, Public Law 93–438, 88 Stat. 1241, 42 U.S.C. 5841(f).

See U.S. Energy Research and Development Administration (42 U.S.C. 2181–2190).

42 U.S.C. 5841(f)

(*f*) *Transfer of licensing and regulatory functions of the Atomic Energy Commission*

There are hereby transferred to the Commission all the licensing and related regulatory functions of the Atomic Energy Commission, the Chairman and members of the Commission, the General Counsel, and other officers and components of the Commission—which functions officers, components, and personnel are excepted from the transfer to the Administrator by section 5814(c) of this title.

U.S. Postal Service

Statutory authority: None.

Tennessee Valley Authority

Statutory authority: Tennessee Valley Authority Act of 1933, as amended (section 5(i)), Public Law 73–17, 48 Stat. 58, 61, 16 U.S.C. sections 831, 831d(i).

16 U.S.C. 831(r)

§ 831r. Patents; access to Patent Office and right to copy patents; compensation to patentees.

The Corporation, as an instrumentality and agency of the Government of the United States for the purpose of executing its constitutional powers, shall have access to the Patent Office of the United States for the purpose of studying, ascertaining, and copying all methods, formulae, and scientific information (not including access to pending applications for patents) necessary to enable the Corporation to use and employ the most efficacious and economical process for the production of fixed nitrogen, or any essential ingredient of fertilizer, or any method of improving and cheapening the production of hydroelectric power, and any owner of a patent whose patent rights may have been thus in any way copied, used, infringed, or employed by the exercise of this authority by the Corporation shall have as the exclusive remedy a cause of action against the Corporation to be instituted and prosecuted on the equity side of the appropriate district court of the United States, for the recovery of reasonable compensation for such infringement. The Commissioner of Patents shall furnish to the Corporation, at its request and without payment of fees, copies of documents on file in his office: *Provided*, That the benefits of this section shall not apply to any art, machine, method of manufacture, or composition of matter, discovered or invented by such employee during the time of his employment or service with the Corporation or with the Government of the United States.

Department of Transportation

Statutory authority: Section 106(c) of the National Traffic and Motor Vehicle Safety Act of 1966, 80 Stat. 721, 15 U.S.C. 1395(c), applies to certain contracts and grants of the National Highway Traffic Safety Administration, Department of Transportation (DOT). Section 307 of Title 23, U.S.C., applies to the Federal Highway Administration, DOT.)

15 U.S.C. 1395(c). SUPP. V

(*c*) *Availability of developed data to the general public*

Whenever the Federal contribution for any research or development activity authorized by this chapter encouraging motor vehicle safety is more than minimal, the Secretary shall include in any contract, grant, or other arrangement for such research or development activity, provisions effective to insure that all information, uses, processes, patents, and other developments resulting from that activity will be made freely and fully available to the general public. Nothing herein shall be construed to deprive the owner of any background patent of any right which he may have thereunder.

Department of the Treasury

Statutory authority: None.

Veterans Administration

Statutory authority: None.

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